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JANUARY, 1913

No. 7

OFFICERS AMERICAN BANKERS ASSOCIATION, 1912-1913.

PRESIDENT:

CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.

FIRST VICE-PRESIDENT:

ARTHUR REYNOLDS, Pres. Des Moines Nat. Bank, Des Moines, Ia.

CHAIRMAN EXECUTIVE COUNCIL:

T. J. DAVIS, Cashier First National Bank, Cincinnati, Ohio.

GENERAL SECRETARY:

FRED. E. FARNSWORTH, 5 Nassau Street, New York City.

TREASURER:

J. FLETCHER FARRELL, V.-Pres. Ft. Dearborn Nat. Bk., Chicago.

ASSISTANT SECRETARY:

WILLIAM G. FITZWILSON, 5 Nassau Street, New York City.

GENERAL COUNSEL:

THOMAS B. PATON, 5 Nassau Street, New York City.

MANAGER PROTECTIVE DEPARTMENT:

L. W. GAMMON, 5 Nassau Street, New York City.

ASSOCIATION OF RESERVE CITY BANKERS.

AT the time of the annual convention of the Indiana Bankers' Association in October, 1911, Mr. G. H. Mueller, vice-president of the Fletcher-American National Bank, Indianapolis, gave a dinner to the bankers from the reserve cities.

A similar function was again held during the convention at Indianapolis in October last; and an interchange of ideas among those present developed the fact that it would be to the material advantage of banks in many of the reserve centers and the interior banks, as well as the general public, if a permanent organization was formed for the purpose of studying conditions and using united effort to improve on certain banking customs now existing in many of the reserve centers and interior banks, which if made uniform, instead of the arbitrary measures now in vogue, would be to the benefit of all concerned.

The proposition was enthusiastically received, and subsequently Mr. Mueller issued a call for a meeting. This meeting was held at the Hotel La Salle, Chicago, on Saturday, December 14, the traveling representatives and transit men of the important reserve city banks of the country being in attendance.

A permanent organization was effected, and constitution and by-laws adopted, the declaration setting forth that the Association of Reserve City Bankers was organized for the purpose of promoting the general welfare and fostering the advancement of all members and their banks; to discourage and correct abuses, and to prevent and adjust controversies.

The By-laws provide that the individual bankers shall constitute the membership. The name of the bank with which the individual is connected will be called, and as many representatives of the bank as desire to pay the annual dues of \$10 can be identified with the organization, but upon a roll call in any matter pertaining to the business of the Association, the bank whose name is called shall be entitled to but one vote.

The following gentlemen explained the conditions now prevailing in their respective localities relating to the handling of city and country checks and the clearing house plan pertaining thereto: C. R. McKay, manager Transit Department First National Bank, Chicago; Jerome Thralls, manager Kansas City Clearing House; K. H. Woodward, assistant cashier Colorado National Bank, Denver; J. W. Staley, vice-president First National Bank, Detroit; Harry J. Haas, assistant cashier First National Bank, Philadelphia; Edward A. Seiter, vice-president Fifth-Third National Bank, Cincinnati; E. B. Clare-Avery, assistant cashier Merchants-LaCiede National Bank, St. Louis; H. D. Ormsby, cashier National Bank of Kentucky, Louisville. The latter gentleman expressed the opinion that some plan might be evolved out of the present organization that would be of assistance to the general situation, and that the members of the Reserve City Association might work in hearty cooperation with the members of the Clearing House Section of the American Bankers' Association. In this connection other speakers bore testimony to the

great work which has been done by the members of that Section; and expressed their desire to co-operate with them.

The Association will also become active in urging clearing house examinations upon such reserve cities as do not have that class of supervision.

A dinner was held in the evening, and F. A. Crandall, chairman of the Local Committee, introduced F. O. Watts, vice-president of the Third National Bank of St. Louis, and a former president of the American Bankers' Association, as the only speaker of the evening. Mr. Watts, in his address, endorsed the objects of the new organization and said that its activity would help very materially the work of the American Bankers' Association along these particular lines.

Mr. Mueller was elected president, and C. S. Haughwout, cashier of the First National Bank of Denver, vice-president. The following were elected as a Board of Directors, which body will appoint the secretary and treasurer: Thomas Hildt, cashier of the National Bank of Commerce, Baltimore; James G. Wakefield, assistant cashier of the Corn Exchange National, Chicago; H. D. Ormsby, cashier of the National Bank of Kentucky, Louisville; J. W. Staley, vice-president of the First National of Detroit; Harry J. Haas, assistant cashier of the First National of Philadelphia; J. D. Gillespie, acting manager of the Dallas (Tex.) Clearing House; E. B. Clare-Avery, assistant cashier of the Merchants-LaCiede National of St. Louis.

The next annual meeting will be held at St. Louis in December, 1913.

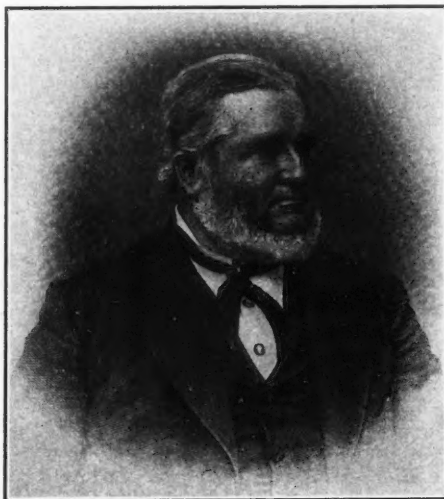
THE following visitors registered at the Association offices during the month of December:

Ayers, H. F., Trust Clerk The Farmers Loan and Trust Co., Ridgefield Park, N. J.
 Barnett, W. R., Assistant General Passenger Agent New York Central Lines, New York City.
 Birdseye, Henry S., Assistant Treasurer Derby Savings Bank, Derby, Conn.
 Blair, J. H., Vice-President Des Moines National Bank, Des Moines, Iowa.
 Branch, James R., Branchfield, W. Va.
 Brooks, C. Arthur, Cashier Monroe National Bank, Monroe, N. Y.
 Bruce, Horace V., New York City.
 Carleton, Will, New York City.
 Conklin, Douglass, Huntington, N. Y.
 Cook, M. R., Cashier First National Bank, White House Station, N. J.
 Cutler, Ralph W., President Hartford Trust Co., Hartford, Conn.
 Edwards, G. E., President Dollar Savings Bank, New York City.
 Fowler, Charles N., Elizabeth, N. J.
 Freeman, A. F., Ann Arbor, Mich.
 Garraway, S. Gerald, Bonds and Investment Securities, New York City.
 Goff, F. H., President Cleveland Trust Co., Cleveland, Ohio.
 Holmes, Hugh, Investment Banker, New York City.
 Jewell, James T., Detroit, Mich.
 Kniffin, W. H., Jr., Treasurer Onondaga County Savings Bank, Syracuse, N. Y.
 Knox, J. C., Cashier National Bank of Germantown, Philadelphia, Pa.
 Knox, W. E., Comptroller The Bowery Savings Bank, New York City.

Lersner, V. A., Assistant Cashier Williamsburgh Savings Bank, Brooklyn, N. Y.
 Lockwood, J. E., Jacksonville, Fla.
 Luhnnow, C. A., New York City.
 McEwan, Archibald W., Secretary State and Metropolitan Leagues Saving and Loan Association, New York City.
 McNair, E. O., President Commonwealth Trust Co., Buffalo, N. Y.
 Mansfield, Louis, with J. P. Morgan and Co., New York City.
 Meakle, Wm. R., Secretary Paterson Savings Institution, Paterson, N. J.
 Pedrick, William, Jr., Assistant D. P. A. Pennsylvania R. Co., New York City.
 Rellley, W. W., Director Commonwealth Trust Co., Buffalo, N. Y.
 Reynolds, Arthur, President Des Moines National Bank, Des Moines, Iowa.
 Waters, Daniel F., Director National Bank of Germantown, Philadelphia, Pa.
 Winsor, H. C., President Asbury Park and Ocean Grove Bank, Asbury Park, N. J.
 Winter, T. W., Jr., Assistant Cashier Farmers Loan and Trust Co., New York City.
 Zimmerman, W. A., President Orange County Savings and Trust Co., Santa Ana, Cal.

PRESIDENT ALEXANDER MITCHELL, 1878-1880.

IN the December number of the JOURNAL-BULLETIN an item was published on the ex-officers of the Association in its younger days, with two portraits, and we expressed our desire to have portraits of other officers of the Association in the early period of its life.



ALEXANDER MITCHELL.

We acknowledge the receipt from the Marine National Bank of Milwaukee of a steel engraving of Mr. Alexander Mitchell, President of The American Bankers Association in 1878-80.

Mr. Mitchell was one of the founders of the Wisconsin Marine and Fire Insurance Company Bank, established in 1839, which was succeeded in 1900 by The Marine National Bank of Milwaukee.

Mr. Mitchell was one of the best known and most respected of Wisconsin citizens.



TRUST COMPANY SECTION



Officers, 1912-1913.

PRESIDENT:

WILLIAM C. POILLON, Vice-President Bankers Trust Company, New York, N. Y.

FIRST VICE-PRESIDENT:

F. H. GOFF, President Cleveland Trust Company, Cleveland, O.

CHAIRMAN EXECUTIVE COMMITTEE:

RALPH W. CUTLER, President Hartford Trust Co., Hartford, Conn.

SECRETARY:

PHILIP S. BARCOCK, 5 Nassau Street, New York City.

SINCE the last convention of the Section in Detroit the Executive Officers of the Section have held two extended and important meetings at the offices of the Association in New York. At the first meeting on October 11 considerable attention was given to arrangements and plans for the next convention in order that the high standard of past years may be equalled and where possible improved upon. It was suggested that the Section should have a separate registration room, so that members after registering might have an opportunity to meet each other, and it is hoped that this can be arranged.

An appropriation of fifty dollars was authorized for the purchase of such books, pamphlets, etc., relating to trust companies as are not already in hand, to be filed in the Library and Reference Department of the Association. In this connection it may be stated that with the trust company literature already secured by our Librarian and with the books and pamphlets to be purchased with this appropriation, the library will have a very complete collection of such literature and it is hoped that our members will use it not only when in New York but will also avail themselves of the opportunity of borrowing such articles as may be of interest to them. Attention is called to the Library and Reference Department information contained in the December number of the Journal-Bulletin and also in this issue.

Considerable attention was also given to the proposed Educational Publicity Campaign in behalf of trust companies and it was arranged to have articles printed from month to month in the Journal-Bulletin.

The second meeting on December 10 was attended, in addition to the Executive Officers, by Mr. Alexander J. Hemphill, president Guaranty Trust Company, and Mr. John W. Platten, president United States Mortgage & Trust Company, the New York members of the Executive Committee. Mr. Cutler, as chairman, explained what had been done in the matter of the Educational Publicity Campaign and presented an advance copy of the December number of the Journal-Bulletin, which outlined in full the purposes and objects of this undertaking. He reported that in the absence of the Secretary he had carried on an extensive correspondence with members of the Executive Committee and others in different parts of the country and that the idea had been quite enthusiastically received and that articles prepared for this campaign had already appeared in a number

of the leading papers of the country. Since that meeting, requests for the articles referred to in the December number have been so numerous and the idea has met with such approval that it has been thought advisable to have printed these nine articles in the "Series on Functions" and nine others of more general character (titles of which will be found on page 422) and they are now ready for distribution to our members upon application to the Secretary.

Mr. Thomas B. Paton, General Counsel, was present at this second meeting and presented his views as to the "proposed model trust company law" which he had been requested to draft under the instructions of the last convention. It was the consensus of opinion of all present that it would be better at this time to prepare a memorandum of certain features which all agreed should be in any law for the control and regulation of trust companies. This memorandum is to be submitted to the full Executive Committee at the May meeting for discussion. If then approved it will be presented to the convention of the Section in the Autumn for discussion and such action as the members then present may decide upon.

Protective Laws Committee.

As the legislatures of thirty-nine states will meet during 1913, the Protective Laws Committee of the Section, immediately after the adjournment of the Detroit meeting, started an energetic campaign to secure where possible necessary protective legislation for trust companies.

The Committee on Protective Laws is as follows:

Mr. Lynn H. Dinkins, president Interstate Trust & Banking Company, New Orleans, chairman.

Mr. Herbert A. Rhoades, president Dorchester Trust Company, Boston.

Mr. E. D. Hulbert, vice-president Merchants Loan & Trust Company, Chicago.

Mr. P. C. Kauffman, vice-president Fidelity Trust Company, Tacoma.

Mr. Sam W. Reyburn, president Union Trust Company, Little Rock.

The chairman advises us that in order to cover the entire country the members have been assigned jurisdiction over a number of states as follows:

Mr. Rhoades—Connecticut, Delaware, Maine and Massachusetts, New Hampshire, New York, Pennsylvania, Rhode Island, New Jersey.

Mr. Hulbert—Illinois, Indiana, Iowa, Minnesota, North Dakota, Ohio, South Dakota and Wisconsin.

Mr. Kauffman—California, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming.

Mr. Reyburn—Arkansas, Colorado, Kansas, Michigan, Missouri, Nebraska, Oklahoma, Tennessee.

Mr. Dinkins—Arizona, Florida, Georgia, New Mexico, North Carolina, South Carolina, West Virginia and Texas.

Attention is called to the following statement of the aims of the Committee and members are earnestly urged to give their co-operation in every way possible.

In order to carry out the campaign in a practical manner it will be necessary to secure the co-operation of trust company interests in the States where additional legislation is needed. Each member of the committee will endeavor to acquaint himself with the situation in the states included in his territory as assigned. It will also be advisable to secure the active aid of the respective State Vice-Presidents of the Trust Company Section, especially where active work is necessary and legislatures will convene in 1913. Where no provision has been made in the trust company laws defining the use of the title "trust company" the draft of an amendment, which has been passed in a number of other States, will be submitted to the legislatures.

The Committee on Protective Laws will not confine itself to securing laws restricting the use of the title but will also give assistance in having laws passed in States where no system of State supervision or examination of either banks or trust companies has yet been established. Such enactments are needed in a number of southern and western states. It is also proposed to secure amendments in a number of States which shall afford the banking commissioner or superintendent authority to exercise his own best judgment in granting or refusing permits for organization of new State banks or trust companies.

A list of the eighteen articles herein referred to is as follows:

Articles Ready for Use in the Educational Publicity Campaign.

Nine articles have been prepared in a "Series on Functions" which can be supplied to members of the Trust Company Section upon application, on the following topics:

- No. 1. Executor and Administrator.
- No. 2. Trustees, Executors, Administrators.
- No. 3. Banking Facilities.
- No. 4. Savings Department of Trust Companies.
- No. 5. Safe Deposit Department of Trust Companies.
- No. 6. Corporate Trust Department.
- No. 7. Treasurer for Societies, etc.
- No. 8. Real Estate Department.
- No. 9. Bond and Investment Department.

Other articles of general interest may be had as follows:

"The Trust Company—The Corporation with a 'Soul'."

"How Trust Companies Protect Large and Small Fortunes."

"How Trust Companies Protect Women from Financial Loss and Against Fraud." Success of the "Woman's Department of the Modern Trust Company."

"A New Development of Trust Company Management in Handling Large Estates, Foundations and Charitable Bequests." Corporate versus Individual Fiduciary Administration.

"Quaint and Curious Duties Performed by Trust Companies."

"How Trust Companies Safeguard Trust Funds and Render Invaluable Services in Protecting Property." Mismanagement and Looting of Estates Through Appointment of Incompetent and Dishonest Custodians.

"Trust Companies as Factors in Discouraging 'Fake' Bond and Stock Promotions."

"Recent Innovations and Valuable New Features of Service Introduced in Trust Company Management" (two articles). Showing How These Institutions Keep Abreast with Modern Requirements of Corporations and Individuals.

Article number one of the "Series of Functions"—"Executor and Administrator" follows:

TRUST COMPANIES GUARD ESTATES VALUED AT SEVEN BILLIONS OF DOLLARS.

Advantages Which They Offer as Executors and Administrators.

As the result of actual statistics recently obtained from official sources and through direct inquiry, it has been ascertained that the trust companies of the United States are administering the affairs and guarding estates valued at seven billion, two hundred million dollars. This vast treasure embraces real estate, personal property, stocks and bonds, mortgages and cash funds, conveyed to the safekeeping of trust companies in accordance with instructions under wills and instruments of trust, for the benefit of heirs and legatees. Among the estates managed by trust companies are those of eminent jurists, financiers, bankers, capitalists and men who have left large fortunes. The same care and precautions with which the great estates are looked after is directed to the rapidly increasing number of small estates which are being turned over to these institutions. The same reasons which induce the man of large means to have a trust company appointed as executor and administrator of his estate to guard his family against waste or mismanagement after his death appeal with equal, if not greater force, to the man who has only a few thousands or the proceeds of life insurance to keep his widow and children from poverty.

There have been many important developments of late to show that there is a general awakening throughout the country that the trust company is the only logical and safest custodian of estates and trust funds. This sentiment is largely due to the many disclosures which appear in public print describing the looting of estates, mismanagement, incompetence and application of trust funds in speculation, where such property and funds have been placed in the sole cus-

tody of some individual who is surrounded and yields to temptation. An examination of probate court records in several of the largest cities of the country revealed the melancholy fact that many hundreds of millions of dollars' worth of property, securities and funds belonging to estates and which have been placed in the hands of so-called "confidential" or family advisors as executors and administrators, have been lost through needless litigation, incompetent management or defalcation. In most instances the records of such losses do not come to public notice. It is only when some tragic circumstances attend a betrayal of trust that the newspapers give an inkling of the true conditions. Several weeks ago the New York papers contained details of the complete looting of the estate of the late Roscoe Conklin by an individual executor. Several days after this was made public, there were accounts of the suicide of a prominent citizen, who resided in one of the fashionable suburbs of Philadelphia, who had wasted the proceeds of numerous estates valued at \$200,000. In Pittsburgh there were no less than four men in prison at the same time awaiting trial on criminal charges of having appropriated trust funds for their own use.

When such well-known men as the late Chief Justice Fuller of the United States Supreme Court, Senator Stephen Elkins, Marshall Field, P. A. B. Widener and many others on the roll of the departed, make wills in which they instruct trust companies to manage and preserve their estates for the welfare of their families, it is easy to comprehend why the trust companies have been so successful. An exhaustive investigation covering trust companies in all the States during the past fifteen years, affords the remarkable result that there have been only three trust company failures during that time, where trust property and funds were involved. In one of these cases the receivers have paid off all such trust claims in full and in the other two failures the liquidation of assets has not yet been completed so that it is not possible to state what the losses to preferred trust creditors will amount to, if there will be any. The records in the State of — show that there is no evidence of the sacrifice of any trust funds or estate property where trust companies have had the management.

As executor and administrator, the so-called "modern trust company" represents stability and permanence. Unlike the individual executor or administrator the trust company cannot abscond, cannot speculate with trust funds, cannot go on vacations or render false accounts. The only assurance which an individual gives is a personal bond which may prove valueless in case of bankruptcy. The trust company, on the other hand, offers as protection, its large paid-in capital and surplus, double liability of shareholders. Instead of only one man or lawyer to administer an estate there is a staff of expert officers, a board of directors including some of the most successful and responsible business men in the community, and then there is regular examination by the State banking authorities. In many States trust companies are required to make a deposit of securities with the State treasurer as a direct pledge for faithful performance of trust duties. As executor and administrator the trust company not only

complies with instructions of the will, but it preserves and often increases the value of estates through wise investments, through timely sale of securities or real estate which may depreciate in value. In fact, the trust company offers all the protection which only an institution with practically a perpetual existence can give and which is not surrounded with the dangers that beset human life.

"Trust Company Forms."

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11x14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 5 Nassau street, New York, who will forward book prepaid at once.

Special Notice.

It is felt that it will be of much value and interest to the members of the Trust Company Section to have collected in the Secretary's office samples of advertising matter used by trust companies throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are therefore requested to send to the Secretary at 5 Nassau street, such advertising matter as they may be using at this time so that they can be arranged in books or filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.

PROCEEDINGS FOR SALE.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume one contains the proceedings from 1896 to 1903 inclusive, and volume two the proceedings from 1904 to 1908 inclusive. These two volumes contain many important reports, addresses and discussions on matters of great interest to Trust Company officers and their employees. It is confidently believed that in no other books could so wide a range of Trust Company information be obtained. A great many copies have been sold but in order to make room for other matter the remaining volumes, as long as they last, will be sold at fifty cents each, postage to be paid by the purchaser. Orders should be sent to the Secretary, who will forward the books promptly.



SAVINGS BANK SECTION



Officers, 1912-1913.

PRESIDENT:

R. C. STEPHENSON, Vice-President St. Joseph County Savings Bank, South Bend, Ind.

FIRST VICE-PRESIDENT:

J. F. SARTORI, President Security Trust & Savings Bank, Los Angeles, Cal.

CHAIRMAN EXECUTIVE COMMITTEE:

W. E. KNOX, Comptroller Bowery Savings Bank, New York, N. Y.

SECRETARY:

E. G. McWILLIAM, 5 Nassau Street, New York, N. Y.

OUR NEW YEAR'S GREETING.

"Good Health and Prosperity wait on your footsteps,
Good fellowship brighten your days;
May Courage attend you, Contentment befriend you,
And Peace ever follow your ways."

New Investment Law Proposed by Connecticut Savings Banks.

AT its annual meeting held on Friday, December 6, at Hartford, the Savings Banks' Association of Connecticut unanimously recommended the amendment of the banking law of the state, especially that part pertaining to investments of savings banks, and offered a substitute in which has been combined the best of the laws of New York and Massachusetts, together with some added features possessed by neither.

The principal provisions of this recommended law, which should prove a model of its kind, are as follows:

Investments are to be permitted in the usual public funds, viz.: Obligations of the United States or those for which its faith is pledged; those of any state admitted prior to 1896 which has not defaulted in any legal indebtedness for ten years prior to investment; those of any county, town, city, borough, school district, fire district or sewer district in the state. In the bonds of any city in any state admitted prior to 1896, which city was incorporated twenty-five years prior to investment, and which had not less than 20,000 inhabitants at last census, and the bonds of which do not exceed seven per cent. of its taxable value, less its water debt and sinking fund, and provided such city has not defaulted in any obligation for fifteen years.

Regarding investment in railroad and street railway securities, Subdivision Sixth is divided into three paragraphs. Paragraph (a) provides for obligations issued or assumed by a New England corporation which owns in fee not less than three hundred miles of road located in said states.

Paragraph (b) provides for certain obligations actually issued by a railroad corporation incorporated in the New England States, which has complied with the requirements of said paragraph.

Paragraph (c) provides that no investment that would comply with the provisions of Subdivision Sixth, paragraphs (a) and (b), shall be a legal investment in case the authorized issue, together with

the outstanding debts of the issuing or assuming corporation, shall exceed three times the outstanding capital stock of such corporation at the date of the investment.

Subdivision Seventh provides for mortgage bonds issued by railroad, terminal, depot, bridge, tunnel or street railway corporations, organized under the laws of the New England States or the State of New York, that are guaranteed principal and interest by endorsement by a railroad corporation which owns at least 300 miles of railroad in the New England States, and whose bonds are a legal investment.

Subdivision Eighth, paragraph (a), provides for the obligations as defined in paragraph (f), issued or assumed by a railroad corporation organized under the laws of the United States or any State thereof, which owned not less than five hundred miles of railroad each year for the five years next preceding the date of investment in the obligations described of such corporation, provided that such corporation has complied with the provisions of paragraph (e), which requires that such a corporation, for each of said years, shall have complied with the following: Its gross earnings were at least five times its interest and rentals, and that it paid in dividends an amount equal to at least four per cent. on its entire outstanding stock.

Paragraph (b) provides for mortgage bonds as described in paragraph (f), issued or assumed by a railroad corporation incorporated under the laws of the United States or any State thereof, which has been operated for the five years next preceding the date of investment, by a railroad corporation which owned in fee not less than five hundred miles of road, and which has guaranteed the mortgage bonds principal and interest by endorsement.

Paragraph (c) provides for the mortgage bonds as described in (f), issued or assumed by a terminal, depot, bridge or tunnel company organized under the laws of the United States or any State thereof, the property of which corporation is used by one or more railroad corporations, which owns at least five hundred miles of road, and which has complied with the provisions of Subdivision Eighth relating to such corporations, and also that such corporation guarantees the mortgage bonds principal and interest by endorsement.

Paragraph (d) provides for mortgage bonds issued or assumed by a railroad corporation organized

under the laws of the United States or any State thereof, provided that such corporation owns at least one hundred miles of railroad, and provided that such corporation has complied with all the requirements of paragraph (e), which are the same as required of a corporation owning five hundred miles of road, and complying with the provisions of the law relating to such corporations.

Paragraph (g) (1) provides that no investment which would comply with paragraph (a) shall be a legal investment in case the authorized issue, together with all the outstanding debts of the issuing or assuming corporation, shall exceed three times the outstanding capital stock of such corporation at the date of the investment.

Paragraph (g) (2) provides that no investment that would comply with the provisions of paragraphs (b), (c) or (d), of this Subdivision, shall be a legal investment in case the authorized issue, which added to the total debt of the guaranteeing corporation, including therein the authorized amount of all previously guaranteed issues, shall exceed three times the outstanding capital stock of the guaranteeing corporation at the time of making the investment.

Paragraph (h) provides that in case a railroad corporation which has complied with the provisions of Subdivision Eighth, and its bonds have become a legal investment, shall subsequently fail for a period not exceeding two years, to comply with the provisions of said Subdivision, the bonds of such a corporation shall not become illegal, but they shall not be purchased during said period; but if the company the following year again complies, the bonds may again be invested in. But in the case of any subsequent failure by such corporation to comply, then the bonds cannot be purchased until such corporation has again complied each year for five years. This provision is to protect the savings banks in case of any sudden business depression.

Paragraph (i) provides that in case a railroad corporation whose securities have been a legal investment, should be purchased by another railroad corporation which does not comply with the provisions of the law, the bonds that were originally legal shall remain legal so long as the purchasing corporation pays four per cent. on the securities issued in the purchase of such corporation.

This is for the purpose of protecting a legal investment from becoming illegal by the purchase of one corporation by another.

Paragraphs (j) and (k) provide that in case of the consolidation of two or more railroad corporations which have complied with the provisions of the

law, that the succeeding corporation shall retain the credit of having complied with the requirements of the law to the extent that the corporations which it succeeded had complied.

The proposed law also permits investment, under proper restrictions, in water company bonds, telephone bonds, bank stocks, real estate mortgages in the state or adjoining counties of other states, collateral loans, personal loans and bank buildings.

It permits deposits in incorporated banks or trust companies in Connecticut, New York, Massachusetts, Rhode Island, or Philadelphia, Pennsylvania, to the extent of thirty per cent. of the capital stock and surplus of such depository, and provides for the segregation of savings deposits in all banks and trust companies.

And further provides that the Banking Commissioner shall periodically issue a list of securities which are legal investments under this law.

Campaign of Education.

Progress is steadily being made in this work. Several states not heard from before have fallen into line and activity is promised both in the legislatures and bankers' associations of others.

The co-operation of the press is being sought and "Thrift articles" for publication once a week are being mailed to about one hundred newspapers. If the desired co-operation is evidenced by these papers, the system will be gradually extended to cover the entire country.

Ascertain if any paper in your town has been included in this list or if they would care to receive these articles regularly, and let us know immediately in order that they may be placed upon next month's list.

We will have more to report next month, space not permitting at this time, but the fact that in twenty-odd widely separated states the thought of the people is being directed along lines of thrift, as the result of only a few months' work, indicates the possibilities of this movement during the coming years.

Have You Got It?

The book of Printed Forms of the Savings Bank Section is still in demand and going nicely. It contains all forms necessary to the operation of a savings bank and its price is \$12 to members and \$18 to non-members of the American Bankers' Association. Orders will receive prompt attention from E. G. McWilliam, Secretary Savings Bank Section, 5 Nassau Street, New York.



CLEARING HOUSE SECTION



Officers, 1912-1913.

PRESIDENT:

RALPH VAN VECHTEN, Vice-President Continental and Commercial National Bank, Chicago, Ill.

VICE-PRESIDENT:

JOHN K. OTTLEY, Vice-President Fourth National Bank, Atlanta, Ga.

CHAIRMAN EXECUTIVE COMMITTEE:

A. O. WILSON, Vice-President State National Bank, St. Louis, Mo.

SECRETARY:

O. HOWARD WOLFE, 5 Nassau Street, New York.

TOTAL TRANSACTIONS.

BEGINNING with the first week in January, the Clearing House Section will begin to collect figures to be known as "Total Bank Transactions." These figures represent a new departure in the line of banking statistics; the decision to collect them having grown out of many ideas and suggestions received from our members in the course of our campaign to secure uniform clearing returns. Before explaining the idea further, however, we wish to make it very clear and emphatic that the new figures are not intended, in any way, to take the place of or conflict with the totals of clearances. These statistics have been carefully compiled for a period of years; they have a value and function quite apart, and they will continue to be published as heretofore.

It is as important and desirable now, as it ever has been, that all clearing houses should report to mercantile and other press agencies the total of one side only of the amount brought to the clearing house. This Section does not intend to depart in any degree from its policy of advocating accuracy at all times in making these reports. Under our efforts, ably seconded by the editors of commercial lists, we are glad to note that the deplorable habit of padding clearings has been largely abandoned, to the great satisfaction of those associations which do not believe that local pride should warrant any inaccuracies whatsoever. Misleading figures have no place in the banking business.

The deposit-and-check system of banking has developed to such a remarkable extent in this country that the bank check, in spite of the fact that it is hampered somewhat by archaic collection systems and exchange evils in some quarters, has become the chief circulating medium of exchange. Let those who would revise our currency and banking system give close study to this not fully appreciated instrument of credit. The history of American banking for a hundred years has been a history of note issue. May not the next century see the completion of a perfect economic and efficient check issue system as well?

With checks and drafts we transact more than 90 per cent. of our business. In the attempt to feel this mighty pulse of commerce and judge of its fluctuations, the list of clearings is prepared. Clearings, however, represent bank exchanges; nothing so far as we know indicates the volume of exchanges be-

tween bank customers. We find in France and Germany that total clearings are insignificant compared to the totals representing transfers of funds between "open" or "running accounts" which correspond to our balances subject to check. One of the clearing house members of this Section has been making some experiments and finds that the total amount of checks used in daily settlements is 120 per cent. greater than that part of them which is cleared through the regular exchange at the clearing house. In preparing lists that show the amount of business cleared between banks, we have overlooked the volume that is handled in each individual bank as a clearing house between its customers. Furthermore, these figures are easily obtained and require no additional calculations or bookkeeping on the part of the banks supplying them to their own clearing house, to be, in turn, forwarded in total to this office.

Let us illustrate by referring to the General Ledger Statement. This is divided into two parts, Assets and Liabilities; for our purposes we need consider certain items under the Liability side only. These are:

- Individual deposits, subject to check.
- Certificates of deposit, time and demand.
- Due to banks and bankers.
- Savings deposits and general deposits.

The total daily debits against these items constitute the statistics which we are now collecting. It has been suggested that it would be easier to use "Total Deposits" and at first thought this appears to be so, but there are two good reasons why we should not adopt this method. First, the deposit is made up partly of checks and partly of currency and what we are after is the amount of business transacted without the use of currency. We already know to a penny the amount of per capita circulation. Second, it seems to us illogical that we should calculate business fluctuations on the basis of funds deposited; a considerable portion of such deposits representing savings against future transactions.

There has been some discussion on the point of including debits against bank deposits on the ground that such items represent a duplication. This is partly true, but on the other hand, do not the clearings of large cities represent deferred settlements of smaller centers? The clearings of New York City are made up largely of the final clearing of the ex-

changes of the entire country. Furthermore, must we not take into account the fact that the bank is a corporation whose drafts must also be included with the checks and drafts of other institutions?

Two items are to be excluded, however, although they are treated in the same manner as checks and drafts. These are cashiers' checks and certified checks, both of which represent a duplication of charges against deposit liabilities. Wherever the custom prevails of charging transit checks against reserve balances, thus reducing these balances, such figures are to be included since this is only another method of employing the charge ticket. Distinguish, however, between the charge against "due from banks" (resource) and "due to banks" (liability).

A moment's thought will demonstrate how readily the desired figures may be obtained. We believe that when a majority of clearing houses furnish them, their value will far outweigh whatever may be said against their compilation. We again urge the members of this Section, who have not already done so, to add their names to our list that it may be made as complete and extensive as possible from the beginning.

THE NUMERICAL SYSTEM.

AT the time of the Detroit convention, a canvass made in two large banks handling many thousands of checks, showed that 20 per cent.

of checks bore the transit number. This rate is increasing slowly but surely as the old supply of checks is being used up. Even in the East, where the help-the-other-fellow spirit is not so prevalent as in the West, great progress is being made.

The Clearing House Section would appreciate it if banks would make a report to the Secretary as to the percentage of numbered checks passing through their hands on any one day. It would add to the value and interest of the figures if you would average the statistics in rough sections. That is, pick out several of your "concentration" letters and figure the percentage for the purpose of comparing the rate of progress in different parts of the country. We expect to make a vigorous campaign late in January or early in February, directed to the banks which do not seem to fully understand as yet the purpose of the plan.

We will be glad to furnish any bank with the small rubber one-line stamps bearing the proper transit number for 10 cents each—the cost to us. Also we have a limited number of paper bound Keys left over from the supply prepared for the printers. The price of these is \$1 each. We are able to supply the regular edition, handsomely bound, for \$1.50. With each of these books we will send copies of the supplements that have been issued giving numbers of new banks.

DOCUMENTS FOR DISTRIBUTION.

THE Association has on hand a quantity of printed matter. The list comprises the following documents, any of which will be sent to our members on notifying the office:

Bills of Lading.

- New Uniform Bills of Lading.
- Constitutionality of Proposed Act (H. R. 14934).
- Pennsylvania Speech—L. E. Pierson.
- Little Rock, Arkansas, Speech—Thomas B. Paton.
- Jamestown, Virginia, Speech—Thomas B. Paton.
- Oklahoma Speech—Evans Woollen.
- Report of Committee to 1908 Convention at Denver, with Appendices.
- Report of Committee to 1909 Convention at Chicago, with Appendices.
- Report of Committee to 1910 Convention at Los Angeles, with Appendices.
- Proceedings of Joint Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

Currency

- Report of the Currency Commission of the American Bankers' Association, 1907.
- Report of Currency Commission of American Bankers' Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers' Association presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers' Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation, before the Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Suggested Plan for Monetary Legislation, submitted to the National Monetary Commission—By Hon. Nelson W. Aldrich, as revised by the Currency Commission of the American Bankers' Association.

Miscellaneous.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies. Rules and forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

STATE SECRETARIES SECTION

Officers, 1912-1913.

PRESIDENT:
W. C. MACFADDEN, Sec. N. Dak. Bankers Assn., Fargo, N. D.

FIRST VICE-PRESIDENT:
W. W. BOWMAN, Secretary Kansas Bankers Association, Topeka.

SECOND VICE-PRESIDENT:
P. W. HALL, Secretary Iowa Bankers Association, Des Moines.

SECRETARY-TREASURER:
W. B. HARRISON, Secretary Oklahoma Bankers Association, Enid.

CONVENTIONS TO BE HELD IN 1913.

Feb.	21	Vermont	.....Rutland
May	6-7	Kansas	.....Hutchinson
"	8-10	Alabama	.....Dothan
"	13-15	Texas	.....Galveston
June	25-26	South Dakota	.....Watertown

STATE CONVENTIONS.

IF the Secretaries of the various State Bankers' Associations will notify this office of the date of their annual conventions as soon as fixed, the same will be published in the JOURNAL-BULLETIN.

N. Y. STATE ASSOCIATION—GROUP 8.

THE annual dinner of Group 8 of the New York State Bankers' Association will be held at the Waldorf-Astoria on Monday evening, January 20. The Group is composed of the banks in Manhattan.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Washington Bankers' Association,
Office of the Secretary,
Tacoma, Wash., December 5, 1912.

WARNING.

Members are requested to give close attention to the following bulletin received from the William J. Burns National Detective Agency:

Kansas City, Mo., October 2, 1912.

A gang of swindlers are operating throughout this section of the country with forged drafts, as follows: Purporting to be drawn by State National Bank, Shawnee, Okla.; drawn on National Bank of Commerce, Kansas City, Mo. Drawn by Greenfield State Bank, Greenfield, Okla.; drawn on National Bank of Commerce, Kansas City, Mo. Drawn by First State Bank, Bokchito, Okla.; drawn on Guarantee State Bank, Durant, Okla. Drawn by Citizens State Bank, Canute, Okla.; drawn on Central National Bank, St. Louis, Mo. Drawn by First National Bank, Arapaho, Okla.; drawn on Mechanics American Nat'l. Bank, McAlester, Okla. Drawn by Bank of Foss, Foss, Okla.; drawn on Farmers & Mechanics Nat'l. Bank, Ft. Worth, Texas. Drawn by Bank of Halleyville, Halleyville, Okla.; drawn on Traders' National Bank,

Kansas City, Mo. Drawn by Home State Bank, Hobart, Okla.; drawn on New England National Bank, Kansas City, Mo.

Drafts vary in amounts up to as high as \$3,000 and are usually deposited for collection. Often some old acquaintance is asked to identify swindler at bank or assist in cashing draft. At times forged or bogus letters are used, purporting to come from some bank and enclosing draft.

One of these swindlers goes under the name of W. C. Nolan, alias W. C. Smith, and is described as follows: Age, 55 years; height, 5 feet, 3 inches; eyes, blue; weight, 190 pounds; hair, dark brown; complexion, dark florid.

Another member of the gang, who has worked extensively, is Eldridge Markham, alias Geo. W. Wilson, alias Geo. W. Thompson, alias D. M. Grayson, alias Harry Wilson, alias H. K. George, but whose right name is said to be Deggs Nolan, is described as follows: Age, about 30 years; height, 5 feet, 9 or 10 inches; weight, 160 pounds; build, slender; hair, auburn; eyes, blue; smooth face; complexion, medium. Usually dressed in dark blue or gray suit.

A third member of the gang is Frank Holloway, alias Robt. Huntley, alias T. M. Miller, and is described as follows: Age, 26 years; height, 5 feet, 7 3/4 inches; weight, 137 pounds; hair, dark chestnut; eyes, slate.

All banks should look out for drafts as described above, and if presented, prompt action taken to determine if draft is genuine, keeping party under surveillance until such word is received. In case draft proves to be forgery, swindler should be arrested and the nearest office of the Burns National Detective Agency, at Seattle, Wash., notified by wire.

Washington Bankers' Association,
Office of the Secretary,
Tacoma, Wash., December 4, 1912.

WARNING.

No. 258—One Jas. M. Fairchild, described as follows: Height, 5 feet, 4 inches; weight, 160 pounds; brown hair; scar on cheek; age 30 years; fast talker and quick in his actions, who lived near Chewelah, Washington, for a year, has left that section of the state and been victimizing bankers and merchants by cashing checks drawn upon the First National Bank of Chewelah, which are valueless, as he has no account with that bank. Look out for him.

No. 259—Lost—Demand Certificate of Deposit No. 1539, issued by the Chehalis County Bank of Aberdeen, Wash., October 18, 1912, in favor of Arthur E. Hendrickson, for \$665.10, has been lost or stolen. If presented advise the bank or the Secretary.

No. 260—Lost—Demand Certificate of Deposit issued by the Miners and Merchants Bank of Chelan, Wash., being No. 6722, dated September 27, 1912, in favor of Henry Copeland, for \$580, has been lost or stolen. If presented advise the bank or the Secretary.

No. 261—Stolen Certificates of Deposit—Three Time Certificates of Deposit numbered 3555, 3556 and 3557, issued by the First Bank of Culesac, Idaho, November 11, 1911, to Peter Deschamps, for \$500 each, were stolen while in transit from the Bank of Tehama County, Red Bluff, California, to the issuing bank. This paper was in the registered mail taken by the train robbers who held up the Shasta Limited near Red Bluff, Cal., November 9.

No. 262—A man going by the name of J. W. Bush defrauded a bank and several business houses in Wenatchee, Wash., by passing forged checks purporting to have been drawn in his favor by the Wenatchee Valley Fruit Growers' Association, upon the First National Bank of Wenatchee. He left Wenatchee November 2, stating he was going to Portland, Ore. Description: Age, about 37; weight, about 200 pounds; height, about 5 feet, 8 inches. His weight is principally in his abdomen. Was smooth shaven and wore a dark gray suit, derby hat and red necktie; was of good appearance; had apparently no bad habits, and of a quiet disposition. Carried an Elks' card of either Kansas City, Mo., or Kansas City, Kansas. A warrant is out for his arrest.

BE ON YOUR GUARD.

Missouri Bankers' Association,
Office of the Secretary.

Sedalia, Mo., December 16, 1912.

\$50.00 REWARD!

A member of this Association at Raymondville, Missouri, reports that it has been defrauded by part payment of a forged draft purporting to have been drawn by the Bank of Billings on the Third National Bank of St. Louis, and presented by a man representing himself to be John L. Morgan.

This man claimed to be in the vicinity of Raymondville for the purpose of buying timber land, displayed correspondence which was designed to substantiate his honesty of purpose, negotiated with real estate dealers, etc. In the course of his dealings with our member, he left for collection a sight draft for \$2,000 drawn on the Bank of Le Compte, Louisiana, which also proved to be worthless. On the day following this transaction, he presented the forged draft and immediately left the country, walking seven miles to Houston, where he hired a conveyance which took him twenty miles to Cabool, where he boarded a south bound train.

Morgan is described as follows: Name, John L. Morgan; height, about 5 feet, 5½ inches; weight, about 150 pounds; age, about 50 years; color of eyes, keen black; color of hair, slightly gray; color of beard, slightly gray; complexion, medium. Remarks: Hole in right cheek, apparently caused by gun shot; hair thin on top of head.

For the apprehension and conviction of Morgan on the crime charged above, the Missouri Bankers' Association offers a reward of \$50. Reward to remain in force for one year from date of this notice and to be paid according to the by-laws and rules of this Association.

Arrest and wire this office and the Sheriff of Texas county, Houston, Mo.

BE ON YOUR GUARD ALL THE TIME!

Michigan Bankers' Association,
Office of the Secretary.

Detroit, Mich., December 14, 1912.

BULLETIN NO. 114.

WARNING.

A party representing himself to be H. Clark has been presenting and cashing drafts drawn on the Cleveland Refining Co., for amounts as high as \$33. His recent operations have been successful in Clinton county among the merchants.

He answers to the description of being 30 or 35 years old, weight about 175, thick set, dark complexion.

He claims to be an agent of the Cleveland Oil Refining Co., and presents fake telegrams from his house, stating that they will cash drafts made on it. Reports from a Cleveland bank are to the effect that several drafts with names such as Clark, Wells, Mills, Miller, on the Cleveland Refining Co., Ohio Refining Co., and Ohio Grocery Co., have been presented for payment, and made payable to the above swindlers, while in Iowa, Indiana, and Illinois; undoubtedly it is the one man operating.

Members are warned against this party, and requested that this office be notified should he be apprehended.

Arkansas Bankers' Association,
Office of the Secretary.

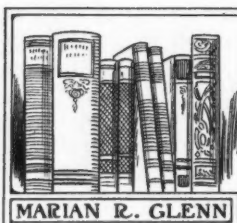
Little Rock, Ark., December 31, 1912.

WARNING!

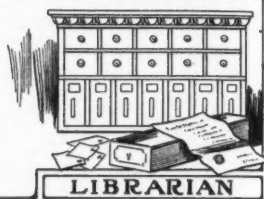
Beware of one Guy Ervine, alias L. A. Carter, about six feet tall, weight about 150 pounds, slender build, with prominent nose; wears about a No. 9 shoe. He may try to use a duplicate deposit ticket on the German-American Bank of Altus, Ark., as a basis of credit. If so wire J. N. Adams, cashier, Altus.

This party deposited a check signed Frank Ervine on Mineral Belt Bank of Webb City, Mo., for \$500, in name of Guy Ervine, after securing endorsement of local party, with whom he had on a real estate deal. The Mineral Belt Bank wires that said check is a fraud and asks for Ervine's arrest.

Our member bank above has not lost anything, but warns against their deposit ticket fraudulently procured, and against the party generally.



LIBRARY AND REFERENCE DEPARTMENT



TRUST COMPANIES AND THE LIBRARY.

A RECENT gift of fifty dollars, by the Trust Company Section, will place in the Library as complete a collection of trust company literature as it is possible to purchase in book form. But the trust companies themselves, through their pamphlets and other publicity matter, have published much of the most interesting and valuable material available on trust company growth and practice. Every bank and trust company is, therefore, urged to add as complete a record of their own or other institutions as can be found, in the form of pamphlets, addresses, statistics or other data, to complete what will eventually be the largest collection of trust company facts in existence.

While this material will thus be permanently preserved in one place, it will not stay in the library simply as a curiosity, but will always be available to any member of the Association who requests its use. Lack of space prevents the printing of the complete reference index which has been made to articles, addresses, statistics, etc., on trust company subjects in the proceedings of the A. B. A. and state bankers' associations and in bound volumes of financial periodicals.

The following titles, however, have been selected to indicate in a general way the scope of material now in the Library. Those preceded by an asterisk are in such form that they can be loaned out to Association members upon request:

A Few of the General Articles on Trust Companies.

- Abbott, W. T.—Functions of Trust Companies.
- Adams, A. E.—Separation of Trust Business from Various Financing and Promoting Undertakings.
- *Aldrich, N. W.—Relation of Trust Companies to Monetary Reform.
- *American Academy of Political and Social Science—Government Regulation of Banks and Trust Companies.
- Babcock, P. S.—Some Details of Trust Company Business.
- *Baldwin, S. E.—The Trust Company as a State Institution.
- Barnett, G. E.—Growth of State Banks and Trust Companies—State Banks and Trust Companies Since the Passage of the National Bank Act.
- *Caldwell, G. B.—Functions of a Modern Trust Company.
- Cator, George—Trust Companies in the United States.
- Cooke, Thornton—Trust Companies and Banks.
- *Eaton, Marquis—Relation of the Trust Company to the Lawyer.
- *Fries, F. H.—The Trust Company as a Necessary Development of Business and Commerce.
- Fuller, O. C.—Separation of Trust Company and Commercial Banking Business.
- *Gest, W. P.—Rise and Business of the Modern Trust Company.

*Harris, A. C.—Rise and Business of the Modern Trust Company.

Harris, E. D.—Liability Incurred by Trust Companies by Reason of Representations in the Offering of Securities to the Public.

Harvey, William—Genesis and Development of the Principles Governing Modern Trust Companies.

Herrick, Clay—Trust Companies: Their Organization, Growth and Management.

*Jackson, A. A.—Trust Company Failures and Causes. Jones, Breckenridge—The Trust Company—A Necessity.

Kilburn, F. D.—Control of the Trust Companies.

*Knecht, S. E.—Trust Company Ethics.

*Lamont, T. W.—How a Trust Company Makes Its Money.

*McCarter, U. H.—Effect of the National Reserve Association on Banks and Trust Companies.

*McKinney, Frank—Co-operation Between Lawyer and Trust Company.

Merrill, E. A.—Trust Companies and Their Relation to Commercial Banks.

*Miller, J. Z.—Modern Trust Company.

Mitchell, T. W.—Economic Value of the Trust Company.

*Morrison, G. C.—Limitations of the Functions of a Trust Company.

Norton, L. A.—Investment Value of Trust Company Stocks.

*Perrine, E. T.—Trust Company Resources and Revenues: A Five Year Summary.

Phillips, C. F.—Business in Foreign Countries Analogous to That of Trust Companies in the U. S.

Shaw, L. M.—A Law for Federal Incorporation Recommended.

Stanley, E. O.—Corporate Trusteeship in This and Other Countries.

Thiebaud, B. F.—Benefit of a Trust Company to a Community.

*Van Tuyl, G. C.—Success of Country Trust Companies.

Wade, F. J.—Trust Company as a Factor in the Finances of the Nation.

Williams, W. M.—Trust Company as a Factor in Industrial Development.

Woodruff, J. T.—Utility of the Country Trust Company.

Accounting and Auditing.

Baldwin, W. M.—Advisability of a Trust Company Maintaining an Auditing Department.

Chase, W. A.—Trust Companies and Certified Public Accountants.

Cunningham, W. R.—The Individual Bookkeeper in a Trust Company.

Dunning, W. A.—Advantages of Independent Examinations of Trust Companies.

Kittredge, A. O.—Investigation and Audit of the Accounts of a Trust Company.

Smith, W. H.—Uniform Accounting Methods.

Sterrett, J. E.—Advance in Audits of Trust Companies.

Trust Company Section—Report of Committee to Formulate a System for the Audit of Trust Company Business.

*Wenig, H. P.—Trust Company Treatment of Stocks and Bonds, Profit and Loss Account.

Advertising.

- Brown, F. W.—Practical Trust Company Advertising.
 Cohen, B. I.—New Methods of Advertising and Their Results.
 Ellsworth, F. W.—Progress in Trust Company Advertising Methods.
 *Haines, E. I.—Advertising a Trust Company.
 King, John—Special Advertising for Trust Companies.
 Morison, F. R.—Co-operation in Trust Company Advertising.
 *Phillips, Frederick—Educational Banking Publicity.
 Stevens, M. I.—Co-operative Trust Company Publicity and Advertising.
 Tate, D. S.—Trust Company Advertising.
 Wenig, H. P.—Trust Company Advertising.
 Wilson, E. B.—Trust Company Advertising in a Metropolitan Center.
 Zoering, E. L.—Effective Publicity Methods Employed by Trust Companies in Smaller Communities.

Banking.

- Banking Law Journal—General Banking by Trust Companies.
 Bayne, Howard—Development of the Account Current.
 *Davis, W. G.—Trust Companies and Commercial Banking.
 Gilbert, F. L.—What Constitutes the Exercise of Banking Powers by Trust Companies?

Bond Department.

- Bradford, W. T.—Importance of the Bond Department.
 *Caldwell, G. B.—Value of a Bond Department to a Trust Company.
 *Kniffin, W. H.—Amortization of Bonds by Savings Banks and Trust Companies.
 Thompson, A. C.—The Bond Department.
 Trust Companies Magazine—Liability of Trust Company in Certifying Bond Issues.
 Trust Companies Magazine—Safety in the Issue of Municipal Bonds.
 Williams, Clark—More Adequate Protection of Municipal Bonds Through the Certification of Trust Companies.

Examination and Supervision.

- Carson, D. R.—Government Supervision of Trust Companies.
 *Davis, W. G.—Trust Company Legislation.
 *Davis, W. G.—State Regulation of Trust Companies.
 Greene, L. E.—Trust Company Legislation.
 Paine, W. S.—Examination of Trust Companies.
 Ridgely, W. B.—Government Control of Banks and Trust Companies.
 Ridgely, W. B.—Proper Supervision of Trust Companies by State Officials.
 Wilcox, W. A.—Advantages of State Regulation.
 *Young, G. W.—Trust Company Reserves.

Fees.

- *Jay, Pierre—Fees Charged for Different Services.
 *Scott, F. A.—Charges of Companies for Business of a Trust Nature.
 *Stanley, E. O.—Shall Trust Companies Charge For the Care of Small Accounts?

Investments.

- Barr, J. W.—Investment of Trust Funds.
 Cunningham, J. C.—Mortgage Loans as Investments for Trust Companies.
 Fairchild, J. D.—Investments for Trust Companies.
 Holmes, D. W.—Preferred Stocks as Investments for Trust Funds.
 Hurd, G. A.—Mortgage Business of Trust Companies.
 Judd, O. R.—How a Trust Company Invests Its Funds.
 Orr, I. H.—Investment of Trust Funds.
 *Rutter, R. L.—Profitable Handling of Mortgage Loans by Trust Companies.
 Stitt, G. P.—Farm Mortgages as an Investment for Trust Companies.
 Vierling, Frederick—Investment of Trust Funds by Trust Companies.

Real Estate Department.

- *Anderson, L. E.—Benefit of a Real Estate Department to a Trust Company.

Brengle, H. G.—Management of a Real Estate Department by Trust Companies in a Fiduciary Capacity.

Vierling, Frederick—Management of Realty by Fiduciaries.

*Zug, C. K.—Management of Real Estate by Trust Companies in a Fiduciary Capacity.

Receiverships.

- Abbott, W. T.—Services Rendered by Trust Companies Under Receivership Appointments.
 Holliday, J. H.—Superiority of Trust Companies to Individuals as Assignee and Receiver.
 Smith, C. V.—The Trust Company as a Receiver Continuing a Mercantile Business.
 Stitt, G. P.—The Trust Company as a Receiver.
 Stone, Ralph—Trust Companies Versus State Officials as Receivers of Banks.

Reserves.

- Fisher, E. D.—The Cash Reserve Question.
 Gilbert, Alexander—Trust Company Reserves and the National Bank.
 Royse, I. H. C.—Trust Company Reserves.
 *New York (State)—Trust Company Reserve Bill, 1906.
 *Young, G. W.—Trust Company Reserves.

Savings Deposits.

- Cooke, Thornton—Savings Department of a Trust Company.
 Gibson, F. B.—Value to a Trust Company of Having a Saving Deposit Branch for Savings Accounts.
 Herrick, Clay—Savings Deposits in Trust Companies.
 McDowell, Malcolm—Value of a Savings Department to the Trust Company.

Stock Registration and Transfers.

- Greene, C. A.—Liability of Trust Companies Acting as Transfer Agents and Registrars.
 Jones, B. W.—Treatise on Transfers.
 Morris, C. F.—Legal Liability of Transfer Agents.
 Perry, Ross—Safeguarding Stock Transfers.
 *Rollins, J. J.—Protection of Trust Companies Acting as Transfer Agents and Registrars.
 Transfer Conference of Transfer Agents and Counsel, 1911.
 Turner, H. L.—The Stock Records and Methods of a Transfer Agent.

Trust Department.

- Babcock, J. N.—Modern Development and Organization of the Trust Department.
 Dechert, H. M.—Relation of Trust Companies to Trust Estates.
 Fisk, W. C.—Trust Features of Trust Company Business.
 Fisse, W. E.—Why Trust Companies are Better Equipped Than Individuals to Act as Trustee Under a Will.
 Gage, L. J.—Conservation of Estates.
 Geller, Frederick—Some Practical Questions Concerning Coupons and Trust Company Business.
 Greeley, H. D.—Pitfalls for Executors.
 Harris, V. M.—Methods for Developing the Trust Department.
 *Jackson, A. A.—The Protector of Property.
 *King, W. V.—Duties and Responsibilities of Trustees Under Corporate Mortgage.
 McKinney, F. C.—Legal Duties and Principles Governing Corporate Trusteeships.
 Newman, E. E.—Some Trust Department Corporation Details.
 Potts, W. W.—How Trust Departments of Trust Companies Located in Smaller Cities May be Rendered Profitable.
 *Remsen, D. S.—Post-mortem Administration of Wealth.
 Rockwell, H. H.—The Trust Company as Trustee for the Man of Average Means.
 Sonntag, M. S.—The Trust Department.
 Tate, D. S.—Starting a Trust Department.
 Vierling, Frederick—Fiduciary Accounting.

Other Departments.

Bayles, G. J.—A Trust Company as Institutional Treasurer.
 Hatfield, C. F.—Fraternal Department of a Modern Trust Company.
 Moorehouse, Harriet—Woman's Department in a Modern Trust Company.
 Trust Companies Magazine—Editorial, Employment

of Trust Companies as Custodians of Educational and Charitable Trusts.

There are additional articles in the Library on trust companies in their relation to banks, clearing houses, currency reform and to postal savings banks, as well as on trust company growth and progress in various states, and the general subject of trusteeship in Great Britain, Italy, Mexico and Holland.

A. B. A. MORTUARY RECORD REPORTED DURING DECEMBER.

Bagby, Emmett S.—Assistant Cashier City National Bank, Paducah, Ky.
 Bodine, George I.—Of Bodine, Son & Company, Philadelphia, Pa.
 Coolidge, Jonathan Miles—Director First National Bank, Glens Falls, N. Y.
 Dobbin, John W.—President First National Bank, State Center, Iowa.
 Duane, James M.—Of Brown Bros. & Company, New York City.
 Grant, Charles J.—Auditor American Exchange National Bank, Dallas, Texas.
 Harper, J. L.—President Spring Valley National Bank, Spring Valley, Ohio.
 Havens, John W.—President Ocean County National Bank, Point Pleasant, N. J.
 Koenig, William—Vice-President German Savings Institution, St. Louis, Mo.
 Little, William C.—Of Little & Hays, St. Louis, Mo.
 Mann, Francis N., Jr.—Trustee Troy Savings Bank, Troy, N. Y.
 McClery, William W.—Cashier First National Bank, Marion, Ind.
 Paschal, George Moore—President The First National Bank of Lawton, Okla.
 Perrin, George Clopton—Cashier and Vice-President Nicholson Bank and Trust Company, Union, S. C.
 Reipschlaeger, F. W.—Director Franklin Bank, St. Louis, Mo.
 Skinner, Edward A.—President National Bank of Westfield, Westfield, N. Y.
 Tibbetts, William S.—President First National Bank, Somersworth, N. H.
 Wagner, E. C.—President First National Bank, Girardville, Pa.
 Wilson, Adam—Director Union National Bank, Pittsburgh, Pa.
 Wise, Gustave A.—Director City National Bank and Director City Trust and Safe Deposit Company, Omaha, Neb.

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FRED. E. FARNSWORTH, PUBLISHER,
General Secretary American Bankers Association
W. W. WAINE, ASSOCIATE EDITOR.

THOMAS B. PATON, EDITOR,
General Counsel American Bankers Association.

OUR PROTECTIVE DEPARTMENT.

A NEW YEAR'S resolution for the officers of every bank member of the American Bankers' Association: "I will read the news of the Protective Department each month and I will require each teller to do the same."

It is the plain duty of every bank official and teller to thoroughly familiarize himself with the methods, descriptions, etc., of criminals who operate against banks or their depositors. This duty they owe to their institution, their customers and to this Association.

Many times the operations of criminals would have been cut short and a member saved from loss if the teller had read and heeded the warnings published in the JOURNAL-BULLETIN under the title: "Protective Department."

Under the subhead "Wanted," we publish reproductions of available photographs, specimens of handwriting and descriptions of forgers, bogus and worthless check operators, swindlers and other criminals, both professional and amateur, who are at large and are preying on banks or their customers. Accurate accounts of the operations of these criminals are given in the JOURNAL-BULLETIN. These articles are published in order that our members may be kept fully informed concerning this class of criminals. If the bank tellers read the warnings carefully and they do their part towards causing the arrest of criminals who are being sought by the Protective Department through their detective agents, they will be performing a public service as well as safeguarding the interests of their employers.

The articles that appear under the subheads "Arrested" and "Removed by Court Action" should also be perused for there is a possibility that the name and description of a criminal who has fallen into the net of our Protective Department may be recognized and valuable information could be supplied to our detective agents.

Not only should the officers and tellers scrutinize the pages of the JOURNAL-BULLETIN allotted to the news of the Protective Department, but other employees ought to be given an opportunity to become

acquainted with the mode of operation, pictures and description of the bank "crooks." This particularly applies to the day watchmen and the signature clerks. The latter should study carefully the reproductions of handwriting of the "pen crooks" that appear in each issue of this publication.

This Association spends thousands of dollars annually to give adequate protection to its members. We feel that it has been fully demonstrated to the satisfaction of all that this Association is furnishing the best possible protection to its members. The stamp of approval was placed upon the work of the Protective Department at the last annual convention of this Association held at Detroit, Michigan, in passing the following resolution:

"WHEREAS, The Protective Committee has made a detailed report establishing to the satisfaction of the Executive Council the efficiency of the present protective system; and,

"WHEREAS, It is desirable that the membership should be advised of this satisfactory condition of the Association's protective features; therefore be it

"RESOLVED, That the Council hereby expresses its entire confidence in the Protective Department and entirely approves of its management, and conveys to the membership of the Association the assurance of the effectiveness of the present protective methods; and further

"RESOLVED, That the General Secretary be and he is hereby directed to read to the convention in meeting assembled this resolution for their information."

Nevertheless we are continually striving to improve our protective feature and with that end in view this Association earnestly solicits the hearty co-operation of all members.

Each member of our Association is supplied with a metal sign showing its affiliation with the A. B. A. This sign acts as a warning to criminals and they are fast learning to respect it. Bank officers should make it a point to see that the A. B. A. sign is at all times conspicuously displayed.

An attempted or successful perpetration of fraud or crime upon a member which comes within the rules of the Standing Protective Committee should be reported promptly and with all details to either the

Protective Department of this Association or to the nearest office of our detective agents, the William J. Burns National Detective Agency, Inc. Our detective agents have twenty-one offices in the United States and the establishing of others is now under consideration. In addition they have correspondents in all parts of the world. The Protective Department through its detective agents is prepared to follow anywhere in this or foreign countries, and to bring to justice, criminals who operate against members of this Association. In order that our detective agents may be rendered every assistance in running down criminals, we are obliged to insist that all cases be reported without unnecessary delay. For the convenience and information of our members a complete list with addresses of the various offices of our detective agents is printed each month at the head of the Protective Department. If a matter that does

not come within the rules of the Standing Protective Committee is brought to the attention of a member, this information is desired by the Protective Department that our detective agents may make a general investigation and endeavor to cause the apprehension and assist in the prosecution of the guilty party.

If members find that they require extra copies of the JOURNAL-BULLETIN in order to carry out the suggestions offered here, the General Secretary, at No. 5 Nassau Street, New York City, will gladly supply them upon receipt of the regular annual subscription price of one dollar.

We trust that the suggestions offered will be received with favor and the resolution appearing in the first paragraph of this article unanimously adopted by the members of this Association, that our protective feature may be brought to the highest point of efficiency.

OFFICIAL BADGES.

ANY of the members of the Association, not present at the Detroit convention, who would like one of the official badges of the Association as a souvenir, can obtain same by writing to the General Secretary—a few of these badges having been left over. They will be sent out in the order the applications are received until the supply is exhausted.

VOLUME 4 OF THE JOURNAL-BULLETIN.

VOLUME 4 of the Journal-Bulletin is composed of the twelve numbers commencing with July, 1911, and ending with June, 1912, together with a general index compiled in alphabetical order under various headings, so that it makes a useful book for ready reference. Several copies of this volume have been handsomely bound in three-quarter leather to match previous volumes. Anyone desiring such bound copies can obtain same at cost (\$2.50) by advising this office. We have also on hand a few copies of Volumes 1, 2 and 3.

Those who desire to preserve the Journal Bulletin in bound form, and are in need of any numbers to complete Volume 4, can be supplied from our surplus files until our supply is exhausted.

RECENT PAMPHLETS ON CURRENCY LEGISLATION.

The Association has on hand for distribution upon request the following pamphlets:

Anderson, F. B., "The Need of Banking and Currency Reform."

Case, J. H., "Desirability of Commercial Paper as a Bank Investment."

Fourth National Bank, N. Y., "The New Aldrich Currency System, Original and Revised Plan Arranged in Parallel Columns, with Explanation."

Forgan, J. B., "Clearing House Examinations by Clearing House Examiners."

National Monetary Commission—Suggested plan for monetary legislation, January 16, 1911. Suggested plan for monetary legislation as revised by the Currency Commission of the A. B. A., April 23, 1911.

Reynolds, Arthur, "The Aldrich Plan," "Some Aids to the Solution of Our Financial Problems," "The Unsettled Currency Problem."

Reynolds, George M., "The Aldrich Currency Plan Interpreted."

THE Association has on hand a limited number of its publications in excess of its requirements, and will be pleased to mail any of these documents, free of charge, to such of its members as may desire them. These requests will be filled in the order of application, until the exhaustion of the supply.

Many of the books are bound in three-quarter leather and contain valuable addresses and reports.

The Annual Proceedings of the following Sections may be secured: Trust Company Section, years 1900, 1903 and 1908; Savings Bank Section, years 1904, 1907, 1908 and 1909.

LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

THE UNIFORM BILLS OF LADING ACT.

IN 1905, the Commissioners on Uniform State Laws employed Professor Samuel Williston of Harvard Law School to prepare a draft of act to make uniform the law of Bills of Lading. The object was to produce uniformity in conflicting laws of the different states relating to bills of lading and to legalize, in statutory form, certain customs which had grown out of the enormous commercial and financial dealings with order bills of lading as instruments of credit.

The first draft was submitted to and considered by the Commissioners at St. Paul, Minnesota, in 1906 and a second, third and fourth draft at successive annual conferences at Portland, Maine, 1907; Seattle, Washington, 1908, and Detroit, Michigan, 1909. At these meetings, as well as at interim meetings during those years of the Committee on Commercial Law of the Commissioners on Uniform State Laws, these successive drafts were gone over section by section and exhaustively discussed by the representatives of all interests affected, carriers, shippers, receivers or consignees and bankers. The final draft, after full discussion, was indorsed by the Commissioners at the annual conference at Detroit in 1909 and recommended to the Legislatures of the various states for passage as the Uniform Bills of Lading Act.

This act, therefore, is not an ephemeral product but is the consummation, after years of study by experts—lawyers and representatives of all the diversified commercial interests—of an equitable system of rules designed for uniform enactment in all the states to govern these important instruments of credit by means of which the enormous crops of our country and its vast natural and manufactured products are moved and marketed. Its provisions have been indorsed by the American Bar Association, the American Bankers' Association, many State Bankers' Associations and by commercial organizations all over the United States.

The Uniform Bills of Lading Act has been enacted in ten states as follows:

- 1910. Maryland
- Massachusetts
- 1911. Connecticut
- Illinois
- Iowa
- Michigan
- New York
- Ohio
- Pennsylvania
- 1912. Louisiana

It has also, with a few slight modifications to adapt it for Federal enactment, been passed unanimously by the Senate of the United States during

the present 62nd Congress (S. 957 known as the Pomerene substitute) and is now pending before the House of Representatives.

There are 41 states which hold legislative sessions during 1913 and of these the following thirty-three have not as yet enacted the Uniform Bills of Lading Act:

Arizona	Minnesota	Oregon
Arkansas	Missouri	Rhode Island
California	Montana	South Carolina
Colorado	Nebraska	South Dakota
Delaware	Nevada	Tennessee
Florida	New Hampshire	Texas
Georgia	New Jersey	Utah
Idaho	New Mexico	Washington
Indiana	North Carolina	West Virginia
Kansas	North Dakota	Wisconsin
Maine	Oklahoma	Wyoming

Every effort should be made by the banking and commercial interests in all the above states to induce their respective legislators to pass the Uniform Bills of Lading Act during the sessions of 1913.

Without printing the Act entire, the following brief outline of its 57 sections will indicate its scope and purport:

The act applies (1) to bills of lading issued by any common carrier. It provides (2 and 3) requisites and regulations as to the contents of bills of lading; defines (4) non-negotiable or straight and (5) negotiable or order bills of lading; regulates (6 and 7) duplicate bills and bills issued in parts and sets; requires (8) that straight bills shall be marked "not negotiable"; defines (9) the significance of the word "notify" on a negotiable or order bill of lading; provides (10) that receipt of bill by consignee without objection binds him to terms of bill of lading, not contrary to law or public policy; regulates (11, 12 and 13) duty of carrier to deliver goods, when justified in delivering and liability for wrongful delivery; provides (14 and 15) liability of carrier who fails to take up and cancel negotiable or order bill, to purchaser who acquires title to spent bill either before or after delivery of goods, notwithstanding delivery made to person entitled to goods; and also provides similar liability in case of partial deliveries, unless bill cancelled or indorsement of goods delivered be made thereon; provides (16) that alterations without authority of carrier are void and bill is enforceable according to original tenor; provides (17) procedure in case of lost negotiable or order bills of lading by application to court and giving of bond to protect carrier; defines (18) significance of the word "duplicate" on a bill of lading; provides (19) that carrier cannot excuse delivery by claim of title to goods unless derived from transfer made after the shipment or from carrier's lien; provides (20, 21 and 22) legal proceedings of interpleader in case of adverse claimants to goods; provides (23) liability of carrier to consignee of non-negotiable or straight bill or bona fide holder for value of negotiable or order bill where fraudulent or accommodation bill of lading has been issued by agent without receipt of the goods; exempts (24 and 25) goods from garnishment

or execution, where order bill is outstanding, unless bill be first surrendered or its negotiation enjoined; and gives creditor whose debtor is owner of an order bill right to injunction and otherwise in attaching such bill; regulates (26 and 27) carrier's lien; provides (28, 29, 30, 31 and 32) manner of negotiation of negotiable or order bills and rights of persons to whom order bill has been duly negotiated; provides (33) rights of person to whom a straight or order bill has been transferred but not negotiated; provides (34) right of transferee to compel transferor to indorse negotiable or order bill where transferred by delivery and indorsement is essential for negotiation; provides (35, 36 and 37) warranty of genuineness and other warranties by person who negotiates or transfers for value a bill of lading by indorsement or delivery but that there is no warranty of genuineness or of quantity or quality of goods by a mortgagee or pledgee or other holder of a bill for security who demands or receives payment of the debt, whether from a party to a draft drawn for such debt or other person. Also provides that indorser of bill is not liable for failure of carrier or previous indorsers to fulfill their respective obligations: regulates (38 and 39) the validity of negotiation and rights of bona fide holder of order bill of lading where owner deprived of same by breach of duty, fraud, accident, mistake, duress or conversion; or as affected by sale or pledge of goods by shipper while in possession of bill; provides (40) rights of buyer and seller as indicated by form of bill; provides that (41) demand, presentation or sight draft must be paid, but draft on more than three days' time merely accepted before buyer is entitled to the accompanying bill; provides that (42) negotiation of negotiable bill defeats vendor's lien and (43) when rights and remedies under mortgages and liens are not limited; provides criminal penalties for (44) issue of bill for goods not received, (45) issue of bill containing false statements, (46) issue of duplicate bills not so marked, (47) negotiation of bill for mortgaged goods, (48) negotiation of bill when goods are not in carrier's possession, (49) inducing carrier to issue bill when goods have not been received, (50) issue of non-negotiable bill not so marked; provides (51-53) rules for interpretation of act and definitions; provides (54-57) application of act, repeal of inconsistent provisions, time of taking effect and name by which act may be cited.

Among the provisions of the Uniform Bills of Lading Act which are most valuable to the banker who advances money upon, or to the consignee who pays, a draft on faith of an attached bill of lading, are those of Section 23 which holds the carrier liable upon a bill signed by his agent although the goods have not been received, the contrary being the present Federal and common law rule; of Sections 14 and 15 which make a carrier liable where the goods have been delivered or partially delivered upon an order bill without taking it up or noting partial delivery thereon and the spent bill has been negotiated; and of Section 16 which makes an altered bill good for its original tenor. In addition the Act will make the law definite and certain with respect to all the transactions or subjects governed by its provisions and remove the occasion for much litigation and conflict of decision.

The great benefit to be derived from the enactment of the Uniform Bills of Lading Act by the different states is the creation of uniformity of state law upon this complex subject and its effect will be to raise the bill of lading to a degree of validity and security wherein, except for risk of loss through forgery, which risk attends the acquirement of any negotiable instrument, it may be readily taken as a basis of collateral by banks; it will consequently facilitate the operations of the small shipper by giving

him a more ready cash market at his own door for the goods which he has purchased and is forwarding and it will be equally helpful to the consignee or receiver of goods at destination who will be able, with fair safety, to pay drafts drawn upon him with bill of lading attached, without waiting for the arrival of the goods.

The Committee of the American Bankers' Association who have in charge the promotion of this law, are:

- Clay H. Hollister, Vice-President and Cashier Old National Bank, Grand Rapids, Mich., Chairman.
- F. O. Wetmore, Vice-President First National Bank, Chicago, Ill.
- J. A. Lewis, Cashier National Bank of Commerce, St. Louis, Mo.
- Wm. Ingle, Vice-President and Cashier Merchants National Bank, Baltimore, Md.
- Daniel G. Wing, President First National Bank, Boston, Mass.
- Solomon Wexler, Vice-President Whitney-Central National Bank, New Orleans, La.
- Nathan Adams, Cashier American Exchange National Bank, Dallas, Texas.
- F. I. Kent, Vice-President Bankers Trust Company, New York.

Additional copies of this article in pamphlet form may be procured from any member of the Committee or from Thomas B. Paton, General Counsel, 5 Nassau street, New York.

THE BLUE SKY LAW.

BELOW is printed in full the text of the Act to provide for the regulation and supervision of investment companies, known popularly as the "Blue Sky Law" which was enacted in Kansas in March, 1911. The object of the Act is to protect the people of the State from loss through investment in unsafe bonds, stocks and other securities and to accomplish this object a full system of regulation and supervision is provided of every corporation, co-partnership or unincorporated association (with specified exceptions) domestic and foreign, which sells or negotiates stocks, bonds or securities of any kind, other than specified public securities and notes secured by mortgages on real estate in the State. The regulation and supervision is vested in the Bank Commissioner and includes the filing of detailed information by every regulated concern as to its condition, plan of business, nature of securities and the like; investigation by the Bank Commissioner and prohibition of business until the Bank Commissioner has certified that the company has complied with the law. The scheme of regulation also includes the keeping of double entry books of account with monthly trial balances, the accounts to be open for inspection of stockholders and investors; the filing of semi-annual statements of condition and the same general supervision and control in the matter of examinations and the like which exist as to state banks. The act provides procedure for the appointment of a receiver in proper cases and various penalties for violation of different provisions. A system of fees is also provided.

Bankers in a number of other states have announced their intention of urging the passage of similar laws by their respective legislators and have

written General Counsel asking for copies of the Kansas law and available information. While the Blue Sky Law has not, as yet, been recommended by the American Bankers' Association, the publication of its text at this time will be valuable to many of our bank members in a number of states.

Bank Commissioner Doley of Kansas in a communication to General Counsel just received, says "the law has worked out very satisfactorily indeed in Kansas and we are very well pleased with it." He also makes the following suggestions for its improvement:

Change the law so as to include companies and organizations of all kinds that are not under the supervision of the Banking Department and those that do come under, up to such time as they technically come under. For instance, under our law, we could not stop a trust company recently which came into the state and sold its stock. We had reason to believe it was bad and it has since proven itself so, but we were helpless.

Make the filing fees larger. There is a large expense connected with the law and our law does not provide sufficient fees. Make the examination fees larger. We cannot get competent men in this state for this purpose for less than \$15 or \$20 per day.

Also increase the scope of the law so that you can regulate newspaper advertising and circularizing of your state by companies from the outside.

Also enlarge the scope of the law so that you can regulate the sale of land outside of your state. There has been a very large amount of money lost by Kansas investors through investment in Florida, Texas, Mexico and other lands and I strongly advise that you fix the law so that you can control this evil.

Also amend the law so as to provide a special permit for companies or firms dealing exclusively in stocks, bonds and other securities. Under our law it is practically impossible for them to comply with the law for the reason that they would have to file a separate statement for each kind of bonds or securities they handled and on account of the large number of issues they handle and the short times in which they handle each one, it is not very practical for them to procure a permit for each issue. If the law was amended so as to provide a special permit for each firm or company of this character, they could be investigated as to their personal reliability, character of securities they handled, etc., and if found satisfactory a permit could be issued for them to handle whatever securities they desire, by simply filing a list of every issue from time to time. Reserve the right to cancel their authority to sell any special kind of securities at any time.

The full text of the law is as follows:

REGULATION AND SUPERVISION OF INVESTMENT COMPANIES IN KANSAS.

HOUSE BILL No. 906. (Session of 1911.)

An Act to provide for the regulation and supervision of investment companies and providing penalties for the violation thereof.

Be it enacted by the Legislature of the State of Kansas:

Section 1. Every corporation, every co-partnership or company, and every association (other than state and national banks, trust companies, real estate mortgage companies dealing exclusively in real estate mortgage notes, building and loan associations and corporations not organized for profit), organized or which shall be organized in this state, whether incorporated or unincorporated, which shall sell or negotiate for the sale of any stocks, bonds or other securities of any kind or character other than bonds

of the United States, the state of Kansas, or of some municipality of the state of Kansas, and notes secured by mortgages on real estate located in the state of Kansas, to any person or persons in the state of Kansas, other than those specifically exempted herein, shall be known for the purpose of this act as a domestic investment company. Every such investment company organized in any other state, territory or government, or organized under the laws of any other state, territory or government, shall be known for the purpose of this act as a foreign investment company.

Sec. 2. Before offering or attempting to sell any stocks, bonds or other securities of any kind or character other than those specifically exempted in section 1 of this act to any person or persons or transacting any business whatever in this state, excepting that of preparing the documents hereinafter required, every such investment company, domestic or foreign, shall file in the office of the bank commissioner of this state, together with a filing fee of two dollars and fifty cents, the following documents to wit: A statement showing in full detail the plan upon which it proposes to transact business. A copy of all contracts, bonds or other instruments which it proposes to make with or sell to its contributors. A statement which shall show the name and location of the investment company, and an itemized account of its actual financial condition, and the amount of its property and liabilities, and such other information touching its affairs as said bank commissioner may require. If such investment company shall be a co-partnership or an unincorporated association, it shall also file with the bank commissioner a copy of its articles of co-partnership or association, and all other papers pertaining to its organization, and if it be a corporation organized under the laws of Kansas it shall also file with the bank commissioner a copy of its articles of incorporation, constitution and by-laws, and all other papers pertaining to its organization. If it shall be an investment company organized under the laws of any other state, territory or government, incorporated or unincorporated, it shall also file with the said bank commissioner a copy of the laws of such state, territory or government under which it exists or is incorporated, and also a copy of its charter, articles of incorporation, constitution and by-laws and all amendments thereof which have been made and all other papers pertaining to its organization.

Sec. 3. All of the above-described papers shall be verified by the oath of a member of a co-partnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer, if it be an incorporated or unincorporated association. All such papers, however, as are recorded or are on file in any public office shall be further certified to by the officer of whose records or archives they form a part, as being correct copies of such records or archives.

Sec. 4. Every foreign investment company shall also file its written consent, irrevocable, that actions may be commenced against it, in the proper court of any county in this state in which a cause of action may arise or in which the plaintiff may reside, by the service of process on the secretary of state, and stipulating and agreeing that such service of process on the secretary of state shall be taken and held, in all courts, to be as valid and binding as if due service had been made upon the company itself, according to the laws of this or any other state, and such instrument shall be authenticated by the seal of said foreign investment company and by the signature of a member of the co-partnership or company, if it be a co-partnership or company, or by the signatures of the president and secretary of the incorporated or unincorporated association, if it be an incorporated or unincorporated association, and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees or managers of the corporation authorizing the said secretary and president to execute the same.

Sec. 5. It shall be the duty of the bank commissioner to examine the statements and documents so filed, and if said bank commissioner shall deem it advisable he shall make or have made a detailed

examination of such investment company's affairs, which examination shall be at the expense of such investment company, as hereinafter provided; and if he finds that such investment company is solvent, that its articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contract contain and provide for a fair, just and equitable plan for the transaction of business, and in his judgment promises a fair return on the stocks, bonds and other securities by it offered for sale, the bank commissioner shall issue to such investment company a statement reciting that such company has complied with the provisions of this act, that detailed information in regard to the company and its securities is on file in the bank commissioner's office for public inspection and information, that such investment company is permitted to do business in this state, and such statement shall also recite in bold type that the bank commissioner in no wise recommends the securities to be offered for sale by such security company. But if said bank commissioner finds that such articles of incorporation or association, charter, constitution and by-laws, plan of business or proposed contract contain any provision that is unfair, unjust, inequitable or oppressive to any class of contributors, or if he decides from his examination of its affairs that said investment company is not solvent and does not intend to do a fair and honest business, and in his judgment does not promise a fair return on the stocks, bonds or other securities by it offered for sale, then he shall notify such investment company in writing of his findings, and it shall be unlawful for such company to do any further business in this state until it shall so change its constitution and by-laws, articles of incorporation or association, its proposed plan of business and proposed contract and its general financial condition in such manner as to satisfy the bank commissioner that it is solvent, and its articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contract provide for a fair, just and equitable plan for the transaction of business, and does, in his judgment, promise a fair return on the stocks, bonds and other securities by it offered for sale; provided, that all expenses paid or incurred and all fees or charges received or collected for any examination made under the provisions of this section of this act shall be reported in detail by the bank commissioner and a full report and record thereof made in detail.

Sec. 6. It shall not be lawful for any investment company, either as principal or agent, to transact any business, in form or character similar to that set forth in section 1 of this act, except as is provided in section 2 of this act, until it shall have filed the papers and documents above provided for. No amendment of the charter, articles of incorporation, constitution and by-laws of any such investment company shall become operative until a copy of the same has been filed with the bank commissioner as provided in regard to the original filing of charters, articles of incorporation, constitution and by-laws, nor shall it be lawful for any such investment company to transact business on any other plan than that set forth in the statement required to be filed by section 2 of this act, or to make any contracts other than that shown in the copy of the proposed contract required to be filed by section 2 of this act, until a written statement showing in full detail the proposed new plan of transacting business and a copy of the proposed new contract shall have been filed with the bank commissioner, in like manner as provided in regard to the original plan of business and proposed contract, and the consent of the bank commissioner obtained as to making such proposed new plan of transacting business and proposed new contract.

Sec. 7. Any investment company may appoint one or more agents, but no such agent shall do any business for said investment company in this state until he shall first register with the bank commissioner as agent for such investment company, and for each of such registrations there shall be paid to the bank commissioner the sum of one dollar. Such registration shall entitle such agent to represent said investment company as its agent until the 1st day of

March following, unless said authority is sooner revoked by the bank commissioner; and such authority shall be subject to revocation at any time by the bank commissioner for cause appearing to him sufficient.

Sec. 8. Every investment company, domestic or foreign, shall file at the close of business on December 31 and June 30 of each year, and at such other times as required by the bank commissioner, a statement verified by the oath of the co-partnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer, if it be an incorporated or an unincorporated association, setting forth in such form as may be prescribed by the said bank commissioner, its financial condition and the amount of its assets and liabilities, and furnishing such other information concerning its affairs as said bank commissioner may require. Each regular statement of December 31 and June 30 shall be accompanied by a filing fee of two dollars and fifty cents. Any investment company failing to file its report at the close of business December 31 or June 30 of each year within ten days of that date, or failing to file any other or special report herein required within thirty days after receipt of request or requisition therefor, shall forfeit its right to do business in this state.

Sec. 9. The general accounts of every investment company, domestic or foreign, doing business in this state, shall be kept by double entry, and such company, its co-partners or managing officers, shall at least once in each month make a trial balance of such accounts, which shall be recorded in a book provided for that purpose; such trial balances and all other books and accounts of such company shall at all times during business hours, except on Sundays and legal holidays, be open to the inspection of stockholders and investors in said company or investors in the stocks, bonds or other securities by it offered for sale and to the bank commissioner and his deputies.

Sec. 10. The bank commissioner shall have general supervision and control, as provided by this act, over any and all investment companies, domestic or foreign, doing business in this state, and all such investment companies shall be subject to examination by the bank commissioner or his duly authorized deputies at any time the bank commissioner may deem it advisable and in the same manner as is now provided for the examination of state banks. The rights, powers, and privileges of the bank commissioner in connection with such examinations shall be the same as is now provided with reference to examination of state banks; and such investment company shall pay a fee for each of such examination of not to exceed five dollars for each day or fraction thereof plus the actual traveling and hotel expenses of said bank commissioner or deputy that he is absent from the capitol building for the purpose of making such examination, and the failure or refusal of any investment company to pay such fees upon the demand of the bank commissioner or deputy while making such examination shall work a forfeiture of its right to do business in this state.

Sec. 11. Whenever it shall appear to the bank commissioner that the assets of any investment company doing business in this state are impaired to the extent that such assets do not equal its liabilities, or that it is conducting its business in an unsafe, inequitable or unauthorized manner, or is jeopardizing the interest of its stockholders or investors in stocks, bonds or other securities by it offered for sale, or whenever any investment company shall fail or refuse to file any papers, statements or documents required by this act, without giving satisfactory reasons therefor, said bank commissioner shall at once communicate such facts to the attorney general who shall thereupon apply to the supreme court or to the district court where such company is located or is doing business, or to a judge of either of said courts for the appointment of a receiver to take charge of and wind up the business of such investment company and if such fact or facts be made to appear it shall be sufficient evidence to authorize the appointment of a receiver and the making of such orders and decrees in such cases as equity may require.

Sec. 12. Any person who shall knowingly or willfully subscribe to or make or cause to be made any false statements or false entry in any book of such investment company, or exhibit any false paper with the intention of deceiving any person authorized to examine into the affairs of such investment company, or shall make or publish any false statement of the financial condition of such investment company, or the stocks, bonds or other securities by it offered for sale, shall be deemed guilty of a felony, and upon conviction thereof shall be fined not less than two hundred dollars nor more than ten thousand dollars, and shall be imprisoned for not less than one year nor more than ten years in the state penitentiary.

Sec. 13. Any person or persons, agent or agents, who shall sell or attempt to sell the stock, bonds or other securities of any investment company, domestic or foreign, or the stock, bonds or other securities by it offered for sale, who have not complied with the provisions of this act, or any investment company, domestic or foreign, which shall do any business, or offer or attempt to do any business, except as provided in section two of this act, which shall not have complied with the provisions of this act, or any agent or agents who shall do or attempt to do any business for any investment company, domestic or foreign, in this state, which agent is not at the time duly registered and has fully complied with the provisions of this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined for each offense not less than one hundred dollars nor more than five thousand dollars, or by imprisonment in the county jail for not more than ninety days, or both such fine and imprisonment, at the discretion of the court.

Sec. 14. All fees herein provided for shall be collected by the bank commissioner and by him shall be turned into the state treasury, and all fees so turned into the state treasury are hereby reappropriated to the bank commissioner for the purpose of paying all salaries and expenses necessary for carrying this act into effect; and the bank commissioner is hereby authorized to appoint such clerks and deputies as are actually and absolutely necessary to carry this act into full force and effect, none of whom shall be related by blood or marriage to such bank commissioner or any of his deputies. All money actually and necessarily paid out by the bank commissioner to any clerk or deputy appointed under this act, as salaries, or any money actually and necessarily paid out by the bank commissioner, or by any clerk or deputy appointed under this act, for traveling or incidental expenses shall be paid by the state treasurer out of such fees upon the state auditor's warrants, to be issued upon sworn vouchers containing an itemized account of such salaries or expenses.

Sec. 15. Should the courts declare any section of this act unconstitutional or unauthorized by law, or in conflict with any other section or provision of this act, then such decision shall affect only the section or provision so declared to be unconstitutional, and shall not affect any other section or part of this act.

Sec. 16. All acts and parts of acts in conflict herewith are hereby repealed.

Sec. 17. This act shall take effect and be in force from and after its publication in the official state paper.

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Published March 15, 1911.

THE CAMPAIGN FOR STATE BANK LEGISLATION.

In the December Journal-Bulletin was published an article giving a list of the subjects of the eleven measures recommended by this Association for state enactment, together with a list of the 41 states which hold legislative sessions during 1913 and a detailed statement of the measures already enacted and remaining to be enacted in each of such states. It was

announced that pamphlets containing drafts of proposed laws upon these eleven subjects of legislation, with annotations of previous enactments and the necessary explanations were about to be forwarded to Secretaries and Legislative Committeemen of State Bankers' Associations, with recommendation for enactment.

Such pamphlets were issued early in December and from correspondence received there is every indication that an energetic effort will be made this year in a large number of states to procure the enactment of the needed legislation. In a number of states, meetings of legislative committees of State Bankers' Associations have already been held and working plans mapped out. A considerable correspondence has been conducted with legislative workers in the different states and there is every prospect that the record of legislation for 1913, designed to safeguard banking transactions, will be highly satisfactory.

NON-NEGOTIABLE CERTIFICATES OF DEPOSIT.

In recent issues of the Journal-Bulletin, in dealing with cases where negotiable certificates of deposit were alleged to be lost and it was deemed necessary that a bond of indemnity should be required by the bank as a pre-requisite to paying the money or issuing another certificate, General Counsel suggested that, in many cases, the use of a non-negotiable form of certificate would be more advantageous than a negotiable form, as eliminating the necessity of indemnity in case of loss. In the last issue a suggested form of non-negotiable certificate was published. The publication thus made has called forth from certain members, communications showing forms of non-negotiable certificates already in use by their respective institutions, with copies of such forms. These are published below for general information.

The cashier of a national bank in Pennsylvania writes:

"In the December Journal I noticed a suggestion for a form of non-negotiable certificate of deposit, and thinking that it may be of interest to your readers, I enclose herewith a form of 'Deposit Receipt' which we have been using for several years as a substitute for the negotiable receipts usually issued by banks.

"We have found this form entirely satisfactory to our customers and the means of saving a great deal of trouble and annoyance whenever any of them have been lost.

"When any holder wishes to draw the money on this deposit and is unable to return the receipt in person, we issue to the party presenting the receipt our Cashier's check, payable to the original depositor."

The deposit receipt enclosed is of the size of a check or draft and contains the following:

BLANK NATIONAL BANK.
Blank, Pa.....191....
Received for deposit, from.....
..... \$. Dollars
This deposit will draw interest at the rate of 3
per cent. per annum if left on deposit three months.
No interest allowed for part of a month.
.....
Cashier.

Across the left margin is the following:
"This receipt is not negotiable or subject to check."

The cashier of a Bank and Trust Company in Louisiana writes:

"I enclose a sample of form of certificate of deposit which I have been using for past fifteen years. I have found it a very satisfactory form and in the few instances when lost I have had no trouble at all. This form does not prevent the transfer, for an owner always has the right to sell his property, but it puts the purchaser on guard and serves notice on him that the issuing bank has the right to refuse payment if there is a valid reason for doing so and that he, the purchaser, cannot claim to be an innocent third party."

The form enclosed is as follows:

BLANK BANK AND TRUST COMPANY.
Blank, La. 191....
No. 3000
\$.....
has deposited in this Bank Dollars
In current funds
payable to
on return of this Certificate.
..... Cashier.
This certificate is not negotiable and not subject to check.

OPINIONS BY GENERAL COUNSEL.

Summary of Questions Received and Opinions Rendered to Members of the Association.

BANK ACCOUNT WITH "JOHN DOE TRUSTEE" OR "JOHN DOE AGENT."

Question whether bank is safe, under law of New York, in carrying account for John Doe trustee or agent without inquiring as to identity of cestui que trust or principal and extent of Doe's authority.

From New York—Institutions frequently are requested to open accounts in the name of John Doe, Trustee, or John Doe, Agent. With a view to protecting themselves, in case of a misapplication of funds by the depositor, should the banks insist upon being satisfied as to whom the depositor is trustee or agent for and should they not desire the account opened as "John Doe, Trustee for Peter Smith," and satisfy themselves as to John Doe's authority as such trustee? In other words, assuming that the institutions opened an account "John Doe, trustee," and it subsequently developed that Mr. Doe had exceeded his powers as such trustee or had mis-used funds coming into his hands as trustee, would the banks be liable because of their neglect to establish to their own satisfaction the power and authority of John Doe as such trustee or agent?

It has never been held in New York that a bank opening an account specifically in the name of John Doe trustee or John Doe agent and receiving on deposit checks payable to Doe trustee or agent, is under any duty to insist that the cestui que trust or principal be named in the account and to investigate the authority of Doe, failing which and paying out the money on checks of Doe trustee or agent to himself or to third persons, without other knowledge than the mere form of the account, it would be liable where Doe had exceeded his powers or in any way misused the trust funds. Nor do I think it probable or likely that the New York Court of Appeals will ever go to this extent. At the same time, in view of the differing opinions of New York judges upon questions of liability growing out of dealings with checks indicating on their face a trust or representative character and especially since the latest decision in *Niagara Woolen Co. v. Pacific Bank*, which I will refer to later, it cannot be said with certainty that there is no danger to banks in handling such accounts without making inquiry and until the law of New York is more definitely settled I think, if practicable, it would be better

and safer for a bank to do as you suggest and have the account opened in the name of Doe trustee for Smith, or agent for Smith and inquire as to the precise authority of Doe in the premises. Inquiry into conditions I believe, is made when accounts are opened for corporations and partnerships with reference to the individual authorized to sign checks and the extent of his powers and if not impracticable it would be safer to do it with every account where the depositor is shown to be handling funds for another.

It is the established law of New York State that the check of John Doe agent or John Doe trustee paid to a personal creditor of Doe carries notice that trust funds are being applied to private uses and, wherever unauthorized, the creditor must refund. *Gerard v. McCormick*, 130 N. Y. 261; *Rochester, etc. Co. v. Paviour*, 164 N. Y. 281; *Ward v. City Trust Co.*, 192 N. Y. 61; *Squire v. Ordemann*, 194 N. Y. 394. Here the agent or trustee is apparently using trust funds for his individual debt and the creditor is put upon inquiry as to his authority. The same rule would apply to a bank which carried an account for John Doe trustee or agent and which sought to apply the deposit upon a personal indebtedness of Doe. In the event Doe was violating his trust, the bank could not retain the deposit. To guard against such contingencies a previous inquiry into Doe's authority, as suggested by you, would be desirable from the bank's standpoint for, unless made, the bank carrying the account of Doe trustee or agent would be at a disadvantage in these particulars.

It being established that the check of Doe agent or trustee to a personal creditor charges the latter with the duty of inquiry, the question remains whether under the law of New York, the bank which carries an account of Doe trustee or agent, without knowing for whom he is acting or the extent of his authority and which receives on deposit checks payable to him in that capacity and pays out the funds to him or upon his checks is chargeable with any duty of inquiry or liability in case of want of authority or misuse of the funds by Doe.

The case of *Havana Central Railroad v. Knickerbocker Trust Co.*, 198 N. Y. 422 (year 1910) and *Niagara Woolen Co. v. Pacific Bank*, 141 App. Div. 265 (later in the same year) are the latest which have a bearing on the subject. In the *Havana* case, the

treasurer of a railroad corporation drew three corporation checks to his personal order and deposited them to his personal credit in the Knickerbocker Trust Company which collected them of the drawee. The checks were misappropriations and the corporation sued the Knickerbocker Trust Company. The Court of Appeals, reversing a judgment against the latter, said that "the possession of a bank check payable to the order of the holder is presumptive evidence of ownership" but "if it be conceded that the offer of such a check for deposit to the individual account of an officer calls for some inquiry on the part of the bank to which it is offered as to the extent of his authority in the premises" the latter did all that the law demanded when it presented the checks for payment to the drawee which was virtually an inquiry whether the checks were genuine and whether the officer had authority, and the payment of the checks by the drawee was an answer to that inquiry.

Following this came the decision in the Niagara case which, unfortunately was not taken to the Court of Appeals. In this case eighty-nine successive checks payable to a corporation were indorsed in its name by its president, followed by his own indorsement and wrongfully deposited in his own bank to the credit of a firm of which the president was a member, which bank collected the checks and paid out the proceeds to the president or his firm. The corporation sued the bank of deposit and, by commencing the action, was held to have ratified the indorsement so that the question involved was the liability of the bank by reason of notice from the form of the transaction. The court said:

"The liability of the defendant depends upon knowledge of this misappropriation being brought home to it, or notice of such facts as required an investigation or inquiry by the defendant as to the ownership of the checks and the right of Horowitz to apply them or their proceeds to his own personal account. Upon their face, these checks were payable to the plaintiff, a corporation. The indorsement showed upon its face that Horowitz was the president of that corporation.

"The defendant also had notice of the fact that Horowitz had an account in the bank which was the account, not of the corporation, but of a firm of which Horowitz was a member, and that the proceeds of these checks were credited to that account and disposed of by checks drawn in the name of the firm of which the president was a member. I assume, as the settled law of this state that if Horowitz had presented these checks to the defendant bank, and asked the defendant to receive them as payment of an indebtedness existing in favor of the defendant against either Horowitz individually or the firm of Philip Horowitz & Son, of which he was a member, the defendant would have been put on inquiry as to the right of Horowitz to use the money of the plaintiff to pay his individual indebtedness. *Ward v. City Trust Co.*, 192 N. Y. 61, 84 N. E. 585; *Squire v. Ordemann*, 194 N. Y. 394, 87 N. E. 435; *Havana Central R. R. Co. v. Knickerbocker Trust Co.*, 135 App. Div. 213, 119 N. Y. Supp. 1035, and cases there cited. I also assume that the same rule would apply if Horowitz had presented these checks to the defendant

and instructed it to collect them and pay a debt of Horowitz or his firm to a third party; the defendant thus having notice of the fact that Horowitz was using the plaintiff's checks to pay his individual indebtedness. As I understand the rule, it is not based upon the fact that the bank received an advantage by reason of this defalcation or breach of trust of Horowitz, but solely upon the fact that the defendant was chargeable with notice that Horowitz was using the money intrusted to him as agent or trustee for a purpose not within the terms of his agency or trust, but for his own personal advantage. This was not the case of one independent check, but a series of transactions extending over months, during which time there was a constant diversion of checks drawn to the order of the plaintiff, deposited with the defendant, collected by it, and then applied by it to the individual account of Horowitz or his firm. By the act of Horowitz in depositing these checks and of the defendant in accepting and collecting them, it became liable to Horowitz's firm and recognized its liability by paying out to the order of Horowitz's firm checks drawn on it by that firm. Was this notice to the bank that Horowitz was misapplying or using for his own purposes the checks drawn to the order of the plaintiff and which upon their face appeared to be the plaintiff's property? . . . Applying the principle which the Court of Appeals has now definitely stated to be the law of this state, as illustrated in *Ward v. City Trust Co.*, supra, namely, that the question is merely one of notice to the bank, it seems to me that it can make no difference whether the bank knew that Horowitz was applying the proceeds of the checks belonging to plaintiff to his own debt to the bank, or to satisfy his private obligations to others; that in either case, where inquiry would have at once disclosed the limitations of Horowitz's authority and that he was misappropriating the property of the plaintiff, the bank cannot deliberately shut its eyes to facts which upon their face show a misapplication, and thus aid a defaulting officer or trustee in securing the proceeds of his defalcation." The court said that the Court of Appeals in the Havana case recognized the duty of inquiry but that the bank upon which the checks were drawn was the proper person to inquire of and its payment of the checks was an answer to that inquiry upon which the defendant could rely. The facts in the present case, therefore, "were sufficient to require the defendant to inquire as to Horowitz's authority to appropriate the property of the corporation of which he was president; that, having failed to make such inquiry, it is chargeable with the facts which it would have ascertained if such an inquiry had been made; and that, if it had had express knowledge of the facts which such an inquiry would have disclosed, it would have been liable to the plaintiff for the misappropriation of its property by Horowitz." Scott J. (with whom Clark J. concurred) dissented on the ground that "in all the cases relied upon to sustain the rule which it is proposed to apply in this case there has been present the important fact, which is absent here, that the bank or individual to whom the diverted money was paid received it in payment of a debt, or in some other way reaped a benefit from the payment, thus becoming, with notice, an active

participant in the diversion. Where that fact has been absent, as for instance in a case like the present, where the bank was a mere conduit or collecting agency asserting no title to or right to retain the money for its own advantage, a different rule has uniformly been adopted. *Gray v. Johnson*, Law Rep. 3 H. L. (1868) 1; *Coleman v. Bucks & Oxon Union Bank*, L. R. 3 Ch. Div. (1897) 243; *Shellus v. Bank of Ireland*, 1 Irish Rep. (1901) 222; *Ashton v. Prest*, etc., *Atlantic Bank*, 3 Allen (Mass.) 217; *Batchelder v. Cent. Nat. Bank*, 188 Mass. 25, 73 N. E. 1024; *Safe Deposit & Trust Co. v. Diamond Nat. Bank*, 194 Pa. 334, 44 Atl. 1064; *Rhinehart v. New Madrid Banking Co.*, 99 Mo. App. 381, 73 S. W. 315; *Martin v. Kansas Nat. Bank*, 66 Kan. 655, 72 Pac. 218. The distinction between the two classes of cases seems to me to be perfectly obvious, and one which goes to the very root of the difference between the cases which under certain circumstances hold a bank liable, and under others hold it to be free from liability."

Before considering the effect of the *Havana* and *Niagara* cases as creating a possible duty of inquiry by the bank in the case we are considering of an account carried for Doe trustee or agent, a brief reference to the law in jurisdictions outside of New York will be pertinent. It has been held in several states that the purchaser of a certificate of deposit or note payable to and indorsed by "A trustee" (*Ford v. Brown*, 114 Tenn. 467) by "A Treasurer" (*Wisconsin, etc., Baptists v. Babler*, 115 Wis. 289) and "A Attorney" (*Hazeltine v. Keenan*, 54 W. Va. 600) is put upon inquiry from the form of the instrument as to the rights of the payee to sell it and is not a holder in due course. But however this may be, the bank in which such an instrument is deposited by the payee, although it may sometimes take title on deposit, is not regarded in the same light as a purchaser but more as a collection agent of the depositor or, as stated by Scott J. in his dissenting opinion in the *Niagara* case, as "a mere conduit or collecting agency" and it is quite uniformly held in jurisdictions outside of New York in case of a check payable to and deposited by John Doe trustee or John Doe agent, that no such duty of inquiry exists because of the mere form of the check; that where the bank is not a creditor of the depositor and does not benefit by the deposit there is no duty of inquiry; and that the bank dealing with an agent or trustee depositor has the right to presume that he is honestly performing his trust and is not bound to question his acts. For example:

In Massachusetts, a check payable to "W trustee" was deposited by W in his personal account, the money drawn out and misappropriated. It was held the bank was not liable to the estate; it was not a creditor of W's and had no reason to believe he was acting honestly. Mere knowledge that trust funds stand to the credit of a depositor's personal account does not charge the bank with knowledge that the depositor is acting dishonestly. *Batchelder v. Central Nat. Bank*, 188 Mass. 25.

In Pennsylvania, where checks payable to an administrator as such were indorsed by him in that capacity and deposited to his individual account and the amount afterwards drawn out and misappropriated, the bank was not liable to the estate. *Safe*

Deposit etc. Co. v. Diamond Nat. Bank, 194 Pa. 334.

There are cases in other states to the same effect which I will not take space to cite.

In *Jeffray v. Towar*, 63 N. J. Eq. 530, a customer had two accounts, one in his individual name and one as trustee. It was held that a debt due the depositary on the individual account could not be set off against the funds due on the depositor's account as trustee, the bank having constructive notice of the trust and that the funds in the trustee account were trust property. Citing *National Bank v. Ins. Co.*, 104 U. S. 54. But the court said: "The case, it will be observed, is not one where a banker or broker having two accounts with his customer or depositor, one of which is designated as trustee account, or having only one account as trustee, is called upon by his customer or depositor to honor his checks or orders in favor of a third person, not the banker or broker. The law as applicable to this class of cases is that the banker or broker is not justified in refusing to honor the customer's check or demand upon a trustee account, unless an intent to misapply the trust estate exists on the part of the trustee and the bankers are privy to this intent to make the misapplication."

The above is the view which prevails quite generally outside of New York so far as deposits by John Doe agent or trustee are concerned. The bank admittedly has notice from the form of the check payable to Doe agent or trustee that there is a trust fund, but the mere form of the check is not any indication that Doe is acting dishonestly and does not put the bank upon inquiry or burden it with the duty of acting as Doe's censor with respect to his every transaction; and except where Doe uses the trust fund to pay a personal indebtedness to the bank or the bank has notice from other facts and circumstances outside the mere form of check that Doe is guilty of misapplication, it has the right to presume that his transactions are authorized. The principle which, I think, is most generally recognized as the true one is—not that notice that the depositor is a trustee and dealing with trust property puts the bank on inquiry, but—notice that the depositor, known to be trustee, is doing something wrong with the trust property, or is doing something that looks suspicious and as if it might be wrong, will put the bank on inquiry and make it liable (as a constructive co-trustee and participant in the breach of trust) for facts it would have known if it had inquired.

The view, however, expressed in the prevailing opinion in the *Niagara* case as to the duty of inquiry resting upon the bank of deposit makes the law somewhat uncertain in this state. The court holds that where a series of checks payable to a corporation are indorsed by its president and deposited in his personal account, it is not necessary that the bank receive an advantage therefrom but it is charged with notice from the form of the transaction and put on inquiry and is liable where the money is misappropriated by the depositor. The court says that the Court of Appeals in the *Havana* case recognized such duty of inquiry but in that case, where the check was drawn by a corporation treasurer, to his own order the duty was fulfilled by the presentation to the drawee bank. An examination of the decision of the Court of Appeals in the *Havana* case, however, will show that the

court positively held that "the possession of a bank check payable to the order of the holder is presumptive evidence of ownership" and that the defendant bank "could properly regard the checks as the property of" the treasurer who had drawn them to his own order. In other words, the bank of deposit had a right to presume, in the absence of other information than that conveyed by the form of the checks, that the treasurer in making an official check to his own order was acting honestly within his authority and that he individually was entitled to the proceeds. The portion of the opinion of the Court of Appeals which dealt with the duty of inquiry was by way of argument and not the declaration of a positive rule of law. It was argued that the fact that official checks were drawn to personal order cast suspicion upon them and imposed a duty of inquiry and the court answered "if it be conceded" that this is so, presentation to the drawee satisfied such duty. The court did not admit the soundness of the argument but disposed of it by showing that the bank had complied with what was claimed to be such duty.

In the Niagara case, however, it is held to be the law that there is a duty of inquiry on the bank of deposit, although it receives no advantage, wherever it is chargeable with notice that its depositor is "using the money intrusted to him as agent or trustee for a purpose not within the terms of his agency, but for his own personal advantage."

The practical question, then, under this decision, which is the latest expression of the law in New York although not by the highest court, is whether the bank is charged with notice so as to be put on inquiry in every case where John Doe comes to it with a check payable to himself as trustee or as attorney and desires to open an account in that form.

We have seen that in the Havana case the form of the check was one drawn by a corporation Treasurer to his personal order and deposited in his individual account, as to which the court in the Niagara case reads the opinion of the Court of Appeals as holding that the bank was charged with notice and put upon inquiry which, however, was satisfied by presentation to the drawee. We have also seen that in the Niagara case, successive checks were in form payable to a corporation, indorsed by its president to his own order and deposited in his individual account, as to which the majority of the court held the bank was charged with notice and put upon inquiry which inquiry in such a case would not be satisfied by presentation to the drawee. It is further to be noted, however, that McLaughlin J. in his concurring opinion in this case, without which there would not have been a majority in the decision against the bank, said: "the defendant had a right to assume that he, as president, had authority to indorse them or to authorize another person to do it for him, but it had no right to assume when so large a number of checks, which prima facie belonged to the corporation, was presented in so short a time, that he had a right to divert the same from the corporation to his own personal use. It may well be that the presentation of a few checks, under the same circumstances, would not in and of itself have been enough to have put the defendant upon notice." Had there been but a single transaction of this kind or

only a few, instead of eighty-nine successive checks, McLaughlin J. would have held with the two dissenting judges that the bank would not have been charged with notice or put upon inquiry and this is an important fact to bear in mind in connection with this decision.

In view of the above, I doubt very much whether under the existing law of New York in its latest expression by the highest court in the Havana case, though followed by the decision of the Appellate Division in the Niagara case, the bank of deposit to whom John Doe presents a check or checks payable to himself as trustee or as agent and requests an account to be opened in that form, would be charged with notice or put upon inquiry from these facts alone, where there was nothing in addition to show that Doe was acting dishonestly. While a check payable to Doe agent or trustee indicates that Doe is handling the money of another under his control equally as a check drawn or indorsed by a corporation official to his own order, indicates that money of the corporation under control of the officer is being put to his individual uses, there would be more in the latter classes of cases than in the former to suggest a possible irregularity which would charge the bank with notice and put it upon inquiry. That is to say, it is perfectly natural where a man is agent or trustee, that a check should be drawn payable to him in that capacity and in the collection of such check it is perfectly natural for him to avail himself of the facilities of the bank. There is nothing wrong on the surface of such a transaction and nothing suggestive of wrong which would call for inquiry. On the other hand, where a man is an official of a corporation, having power or authority to pay out its funds, the fact that he pays them to himself individually by placing them to his personal account is more suggestive of irregularity. And yet, even here, according to the decision of the Court of Appeals in the Havana case, the bank of deposit has a right to presume that the possession by an officer of a corporation of a check drawn by him officially to his personal order is as individual owner and rightful; and according to the decision in the Niagara case, had there been only a few corporation checks indorsed by the president and deposited to his personal account, a majority of the Court would have held the bank was not charged with notice or put on inquiry, and it was only because a stream of eighty-nine checks was deposited in a comparatively short time that a majority of one held that such a large volume of deposits in this form charged the bank with the duty of inquiry.

In view of this condition of the law, therefore, I do not think it is at all likely that the New York Court of Appeals will go to the extent of holding that where John Doe presents checks payable to himself as agent or trustee and asks to have an account opened in that form, the mere fact that the bank has notice that Doe is agent or trustee and that the funds are trust funds and not his personal property, will charge it with the duty of inquiry for whom he is acting or as to his powers. I think it is far more likely it would be held in accordance with the great weight of authority elsewhere, that the bank has a right to presume that Doe is acting honestly and

within his powers; and that it would only be where additional facts or circumstances come to the knowledge of the bank—as for example where he sought to pay a personal debt to the bank with a trustee check, or perhaps where he had two accounts, individual and trustee, and sought to make good a deficit in the individual from the trustee account, or where there were other suspicious facts—that the bank would be charged with notice that trust funds were being used wrongfully and put upon inquiry.

At the same time, as said, the law in New York is to such a degree uncertain on questions of this nature at the present time that until the question is finally cleared up and settled, it might be better and safer for the bank, out of an abundance of caution, to do as you suggest and whenever an account is sought to be opened by John Doe agent or trustee and checks payable in that form deposited—especially where there is a prospect of a large number of transactions passing through the account—to make inquiry as to the person for whom Doe is acting and the extent of his authority.

CHECK "WITH EXCHANGE."

Where check drawn and payable at same place, words "with exchange" therein are without effect and meaningless.

From Nebraska—One of our correspondents calls attention to an opinion published in a recent edition of the Journal to the effect that where a check is drawn and payable at the same place, the words "with exchange" are without effect.

Would it be asking too much of you to send us a fuller synopsis of the case in which this opinion was rendered as it is not understood, for as you know almost every check by its face appears to be drawn and payable at the same place.

The statement that where a check is drawn and payable at the same place, the words "with exchange" therein are without effect and meaningless is based on decisions in a number of cases which I will presently refer to, which decisions were rendered in cases wherein it was contended that such words destroyed the negotiability of the instrument containing them.

Before the enactment of the Negotiable Instruments Law it was held in many States that where an instrument provided for its payment with exchange on another place, such provision made the amount payable uncertain and rendered the instrument non-negotiable. See, for example, *Lowe v. Bliss*, 24 Ill. 168, where a note was made payable at a bank in Kankakee, Ill., "with current rate of exchange on New York." The court said: "We know that the current rate of exchange between commercial points is fluctuating and subject to constant change depending upon the balance of trade and other causes incident thereto" and it therefore held the amount payable uncertain and the instrument not negotiable. The Negotiable Instruments Law has now changed this rule by a provision that "the sum payable is a sum certain within the meaning of this act although it is to be paid * * * with exchange, whether

at a fixed rate or at the current rate." But although, before the act, it was held in many States that an instrument payable with exchange on another place was not negotiable, the courts quite uniformly held that where the instrument was drawn and payable at the same place "with exchange" such provision did not affect negotiability because in such case there could be no exchange and the words were therefore surplusage and meaningless. It will be instructive to refer to these cases.

In *Hill v. Todd*, 29 Ill. 103, where a note promised to pay "B. H. & G. at their office with current rate of exchange" the court said: "There can be no such thing as exchange on this note. Exchange is the difference in the value of the same sum of money at two different or distant places or countries. If the coins of the two places are of equal fineness and weight, there can be no difference in their value, except the expense of transporting from one place to the other, which would constitute the rate of exchange between the two places. It is said the relative abundance or scarcity is what forms the exchange between those countries. This doubtless enters largely into, and probably is, a material circumstance determining the rate of exchange. Yet the necessity of transmitting from one place to another, without reference to its abundance or scarcity, has no doubt, a more controlling influence on the rate than any other circumstance. The exchange in favor of the country to which the greater quantity, due to balance of trade or for other demands, has to be transferred, will be greater than in the country from which it is remitted. This note was payable in current coin and when it was paid at the office of the payee, there could be no exchange on that place as there was no cost of transfer of the funds. The money when paid would be at the place where it was wanted, as appears by the note, as it was made payable at the place. Had the money been payable with exchange at a distant place, it would have been otherwise. *Lowe v. Bliss*, 24 Ill. 168. When the money was, however, paid at the place specified there could be no exchange on that place. The language 'with current rate of exchange' on this note is therefore without meaning and should be rejected as surplusage. This then was a negotiable note."

To the same effect is *Clauser v. Stone*, 29 Ill. 114. In *Christian County Bank v. Goode*, 44 Mo. App. 129, where a bill of exchange was drawn at Rodgersville, Mo., upon a drawee at Rodgersville "with exchange," it was claimed that the provision for exchange made the instrument non-negotiable, but the court said: "Some authorities hold that a bill which provides for the payment of exchange is rendered non-negotiable, because the amount to be paid is thus rendered uncertain by reason of the fluctuations of the rate of exchange. But all the adjudicated cases, so far as our research has gone, concede that this rule has no application where a bill is made payable at the place where drawn for the simple reason that there can be no exchange on such a bill." To the same effect is *Chandler v. Calvert*, 87 Mo. App. 368.

In *Buck v. Harris*, 125 Mo. App. 365, the court said: "If a note or bill reads for the payment of money 'with exchange' every one interprets it to mean with a charge for exchange at the current or customary rate. * * * The words 'with exchange'

would destroy its negotiability were it not for the fact that it was drawn and payable at the same place and therefore there could not be any exchange and that word is without meaning."

In *Garrettson v. Bank*, 47 Fed. Rep. 867, a check was dated at Westboro, Mo., and drawn by one James Tate on the North Atchison Bank of that place for the payment of \$22,000 with exchange. The bank had previously agreed by wire to accept a check of Tate drawn on it for \$22,000. The bank sought to escape liability upon the check on the ground that it did not correspond with the terms of the acceptance because of the words "with exchange." The court said:

"It will be found on examination that where the condition of exchange has been held to amount to a material variance, it is where it was contemplated that the draft should be paid elsewhere than at the place of the acceptance. It is observable that the check in question does not provide for exchange on any other bank, but the term is 'with exchange.' This is utterly meaningless, inasmuch as no place of exchange is mentioned. Where, as in this case, the check is payable only on presentation at defendant's bank, the words 'with exchange' impose no additional burden of either trouble or expense on the acceptor and they are to be treated as mere surplusage, as no exchange can attach in such a case."

It is thus seen that the courts are quite unanimous in holding that where a check or draft is drawn and made payable at the same place "with exchange" the provision as to exchange is without effect and meaningless. I presume it is often thought, where A in New York draws his check on his bank in New York "with exchange" and mails it to a payee in Omaha, Nebraska, that the drawer intends that the New York bank should pay the cost of exchange on Omaha so that the creditor in Omaha would get the full face of the check at that place. But, it is seen, the courts do not so construe the instrument and in such a case, to carry out the intention of the drawer, the check should specifically provide "with exchange on Omaha."

SET OFF BY DEPOSITOR.

Where bank fails holding unmaturing note of depositor, latter has right to set off deposit standing to his credit against his liability on note.

From Massachusetts—Should John Smith have a deposit of say \$5,000 in a banking institution, and also owe the same institution \$5,000 on a future maturity note, would there be an offset in case of failure of the bank? I have no doubt there would be an "offset" provided the note was a demand note. What is the law on this point?

It is generally held by the courts that a depositor in an insolvent bank may set off the deposit standing to his credit when the bank closed its doors against his notes payable to the bank, but not then due. *Thompson v. Union Trust Co.*, 130 Mich. 508; *In re Van Allen*, 37 Barb. 225; *Jack v. Klepser*, 196 Pa. 699. It was held in a Maryland case that where defendant made deposits in a bank which held a note

against him, on failure of the bank before maturity of the note, defendant's deposits constitute a common law set off against the note in the hands of the receivers, since such set off would have been good as against the bank and the insolvency law did not authorize the receivers to collect more than was due the bank. *Colton v. Dover, etc., Association*, 90 Md. 85.

BOND OF INDEMNITY BY ATTORNEY DEPOSITOR.

Suggested form of bond of indemnity to secure bank against loss by reason of checks payable to clients indorsed by their attorney for deposit to his personal credit.

From Minnesota—We should like from you an advice in reference to the style of bond necessary to protect a bank in case where an attorney is depositing in his own account quite a large volume of checks and drafts per year, payable to different clients of his, and which he himself endorses for them. The attorney, of course, pays to the clients the amount they have coming from each collection, less his fee, but naturally in the case of a claim on the part of any client that he has not received the amount coming to him from the attorney, the bank advancing the money to the attorney without the endorsement of the client, would be held liable.

Can you suggest to us some form of bond which would cover such a case, and which would work for the protection of the bank? Your reply will be very much appreciated.

Inquiry has been made of several New York banks to learn whether any form of bond of the kind suggested is in use with the thought that if so, such form might be examined and recommended; but the reply received from every bank inquired of was to the effect that they did not use any form of bond to cover such a series of transactions, but in every case where a depositor presented a check to which he had indorsed the payee's name by his own, a letter of authority from the payee would be required.

I have constructed the following form to cover the transactions described which might possibly be improved upon and would suggest that before putting the same into use, the form be submitted to your own attorney:

Know all men by these presents, that the undersigned A. of — as principal, and B. of — as surety are held and firmly bound to C. bank, of — its successors or assigns, to indemnify said bank for any loss it may sustain by reason of the indorsement by said A. of the name of the payee or indorsee of any check, draft or other negotiable instrument which is deposited to the personal credit of said A. with said C. bank during the period of — years from the date of execution of this instrument, being unauthorized or invalid; for the payment of which indemnity well and truly to be made we bind ourselves, our and each of our heirs, executors and administrators, jointly and severally firmly by these presents.

Sealed with our seals this — day of — 19—

Signed, sealed and delivered
in the presence of (Signatures and seals)

(Signatures of witnesses)

CHattel Mortgage Security.

Question whether mortgagee's affidavit of consideration, required by New Jersey Chattel Mortgage Act, is defective and mortgage void as to mortgagor's creditors by omission of oral agreement of mortgagor that, on a certain contingency, he would consent to return part of consideration before maturity.

From New Jersey—Some months ago the directors of this bank granted a loan to the X Company of \$1,000, secured by a chattel mortgage. When the president of the X Company came to the bank to close the transaction he said that inasmuch as probably the bank would not make any additional loans after the execution of the mortgage, he would like the loan increased to \$1,500. As is our custom this was referred to certain of our directors, any three of whom constitute a discount committee between meetings, and was sanctioned. Because of the unpopularity of the borrower the cashier then had a verbal agreement with the president of the company that in case any director objected at the regular meeting to follow, he would assent to one note being immediately charged up and not wait for maturity, four months hence. The directors did disapprove of the last \$500 note about a week after the proceeds had passed to the account of the X Company. The president was then sent for and notified of the disapproval. He asked that the note be not charged up until he himself could come before the board to see whether they would not consent to let it run. He did not come before the board but proceeded to use the funds. He was again asked whether he was going to live up to his verbal agreement and permit a charge-up. Reluctantly he did so. When the note was charged up an over-draft resulted, indicating that part at least of the proceeds had been used. The company later goes into bankruptcy. Now the referee in bankruptcy comes along and takes the stand that the mortgage is no good because of a defective affidavit, that while the proceeds of the three notes were passed to the credit of the now defunct company, it was never intended that more than \$1,000 should be used as the last note was put through subject to the approval of the board. He assumes a great deal because testimony was not taken but briefs exchanged. Our position is this: the proceeds of the \$1,500 notes secured by the mortgage were credited, we relying upon the president of the X Company to assent to a charge-up of one note before maturity in case the entire plan was not satisfactory to all members of the board. We take the stand that in passing this credit the funds were in the control of the company absolutely and that if we had charged one of the notes back before maturity without the assent of the proper officer notwithstanding the verbal agreement we would have laid ourselves liable and of course would have honored for the entire amount, as we did for part, without such assent. It is fair to say that it would have hurt, but as I see it we would have had no other course except we wanted to invite a damage suit.

Can the board of directors set aside a note acted upon by the discount committee or even the executive officer? Is it not true that this note after it had passed to the credit of the company, entered in their pass book, run through our books in the regular course, etc., in entire good faith, must stand until maturity, except where the charge-up is made with the assent of the maker, despite the disapproval of the board? We have appealed from the referee's decision and will thank you to give us any help you can. The case will come up shortly. Any references would be appreciated, as well as your opinion as to whether this affidavit in stating that \$1,500 was the consideration was not the absolute fact.

The question, as I understand, is whether the

chattel mortgage taken by the bank is good as against creditors in bankruptcy or is void because the affidavit required by the New Jersey Chattel Mortgage Act did not comply with the statute. The statute provides that a chattel mortgage shall be absolutely void as against the creditors of the mortgagor unless it have annexed thereto an affidavit stating the consideration of the mortgage.

There have been a number of cases construing this statute, but none that I know of involving facts similar to those stated by you. It has been held that the affidavit must show how the debt arose on which the mortgage is founded, how the debt came into existence and how the relation of debtor and creditor as between the mortgagor and the mortgagee was created. *Ehler v. Turner*, 35 N. J. Eq. 68; *Black v. Pidgeon*, 70 N. J. Law, 802.

In *Howell v. Stone*, 71 Atl. 914, it was held that in case of a bona fide chattel mortgage, the statutory affidavit of consideration should be liberally and not technically construed and that in the absence of fraud, chattel mortgages should be sustained wherever there is an honest and substantial compliance with the statute; that where the affidavit states the consideration with substantial truth, though it is inartificially drawn and not technically precise, it is sufficient.

In *Breit v. Solferino*, 72 Atl. 79, where in addition to statement that the consideration was \$500 there was added a statement of what the mortgagor had done with the consideration received, this additional statement was held not to be a defect or infirmity, but might be rejected as surplusage and that the affidavit was in substantial compliance with the statute.

In *Simpson v. Anderson*, 73 Atl. 493, the affidavit stated it was given to secure the payment of a bond and mortgage executed and delivered by the maker to H, which H, in consideration of \$1,500 paid to him by deponent, had assigned to deponent and that the amount due thereon was \$1,500. This was held to be a sufficient statement of the consideration to comply with the statute and that it was not necessary to set out the consideration which passed between the original parties to the bond and mortgage, the consideration of the chattel mortgage being the amount paid by the assignee. Where there is an honest and substantial compliance with the statute the mortgage will be valid though the affidavit is inartificially drawn.

In *Collard v. Tully*, 80 Atl. 491, it was held the affidavit must set forth the consideration not partially, but completely, and if it fails so to do the chattel mortgage is absolutely void as against creditors.

In your case, the question is whether the statement in the affidavit that the consideration of the mortgage was \$1,500 is substantially true and complete, where it did not include a statement of the oral agreement between mortgagor and cashier that, in case the full board a week hence should object, the mortgagor would then consent that \$500 of the loan might be charged back before maturity.

It appears that the bank, through its executive committee, sanctioned this loan of \$1,500, crediting this amount to the mortgagor and taking as evidence

thereof three four months' notes of \$500 each, secured by chattel mortgage. The consideration of this chattel mortgage was, therefore, \$1,500 and the oral agreement simply related to the period of time a portion of the amount was to run. If the full board objected, the mortgagor was to consent that one \$500 note could be charged back immediately before the four months' period of maturity. But until the board of directors met and even after they met and objected, until the mortgagor thereafter consented to the charging back of \$500, as he orally promised the cashier to do, the transaction would stand as originally consummated.

It strikes me that under these circumstances the affidavit was sufficient and that it was not necessary to incorporate therein a statement of the oral agreement. Waiving the question whether the cashier had authority to bind the bank by entering into an agreement of this nature, it is well settled that an oral agreement cannot change the terms of a written contract and unless the mortgagor had afterwards consented to change such terms by allowing one of the notes to be charged back before maturity, the bank would have been bound to let the full \$1,500 run for four months. The case would seem to be one, therefore, where a chattel mortgage is given to secure a loan of \$1,500; the crediting of the \$1,500 by the bank on the one hand and the giving of three four months' notes of \$500 each with chattel mortgage on the other, constituted the complete contract, while the outside oral agreement between mortgagor and cashier did not in any way affect the contract as originally consummated, because a written contract cannot be changed by oral agreement.

If this reasoning is correct it would seem to follow that the affidavit that the consideration of the chattel mortgage was \$1,500 was the substantial truth and should not be held defective and the mortgage void because it did not include a statement of the oral agreement.

LIABILITY OF DRAWER OF STOPPED BANK DRAFT.

Where part of consideration for which draft issued is worthless, bank stopping payment not liable to payee for so much thereof as is without consideration; but if draft transferred, bank would be liable to holder in due course for full amount.

From North Dakota—This bank issued a draft and afterwards stopped its payment because the party who bought the draft gave as part payment a worthless check which he had received from another party. Can the bank be held liable for the amount of the draft to the party in whose favor it is drawn?

A bank which issues a draft to a payee and stops payment because the payee has given, in part payment, the worthless check of a third person, cannot be held liable by the payee for so much thereof as is represented by the worthless check, assuming, of course, that the bank has not by any negligence of its own in connection with the collection, made such

check worthless. But the danger in such a case is that, the bank's draft being negotiable, the payee may have transferred it for value to an innocent person in good faith; and as to such a holder the bank would be liable and could not defeat payment because of any defense it has against the payee.

PAYMENT OF FORGED CHECK.

Question whether drawee, paying check upon which drawer's signature forged, has right of recovery from holder receiving payment, in a stated case.

From Illinois—We have just had a peculiar case arise here out of a forgery and we would appreciate your opinion as to whom should be held responsible, the bank or the endorser in the following case:

There is a man here by the name of B— who always carries a certificate of deposit with this bank. This gentleman had a man working for him by the name of D—, I may add that B— never has had a regular checking account. Last Tuesday one of our depositors by the name of L— made a deposit of several checks among which was a check signed by B—. We immediately looked up the check to make sure that he carried no checking account and found this was correct, but that he carried a certificate for several hundred dollars. We also knew him well and that he was honest. We took it for granted that he had to pay this man D— his wages and could not get to the bank and so gave him a check and supposing that we would take care of it for him and that he could adjust it when he came in the next time. We often have cases of this kind come up and we cash the checks and have them taken up later. Now the point is this, we cashed the check and credited the account of L—. We held the check two days before B— came in and upon telling him about it he said it was a forgery and that he never gave the check. Further, this man D— went to a drug store where he wrote out the check as we have since learned, took it to the store of L— where he purchased some goods and gave the check as payment. L— who cashed it knew the man B— and also knew that D— was the man he represented himself to be and therefore did not hesitate about cashing it. He also held this check for two days before it was brought to the bank.

Now the point is this, are we to be the losers because we cashed the check, knowing all the time that this man did not have a checking account—if so what good is an endorsement on a check? We knew all the time B— was good for this amount and also knew that should anything come up that he would not take it up, that the endorser was good. At the time of the transaction the depositor, L—, was standing at the teller's window and should have overheard the conversation between the president and the cashier, which was to this effect, that the man B— had no checking account but had a certificate and would no doubt fix it up when he came in. The president and cashier both thought L— understood it that way but L— claims that he heard nothing and had no suspicion that the check was doubtful until he was notified that it was a forgery.

This is a very peculiar condition of affairs and we are at a loss as to where the loss should stand. It seems to us that we cannot be held because we have a good endorser upon the check that should be held. The depositor claims we have no right to cash a check unless there are funds here for same and besides we knew this was true. Still on the other hand, we were somewhat justified in doing so for this reason: In a small country town such as this the people are not as intelligent as they should be and they often draw a check thinking they have a right

to do so. They are as a rule wealthy people and good customers, and if we should not cash their check they would not like it and we would be apt to lose their business. Of course we do not make a habit of doing this, but it occurs occasionally.

The Supreme Court of Illinois long ago announced the general rule that the drawee is bound to know the signature of the drawer and if it mistakes such signature and pays on a forgery, cannot recover the money back from a bona fide holder to whom payment was made. But in two cases which have heretofore come before that court, certain exceptions to the general rule have been recognized. Thus in *Bank v. Ricker*, 71 Ill. 439, where the holder before receiving payment had knowledge of facts giving ground for the belief that the check might be spurious, which facts were not imparted to the drawee and the forgery was discovered and the holder notified within a few hours after receiving payment and if the money was repaid the holder would have been no worse off than before, the drawee was awarded recovery. And, in *First National Bank v. Northwestern National Bank*, 152 Ill. 296, where both the drawer's signature and the payee's indorsement were forgeries, the court held that the drawee could recover; that while the drawee was estopped to deny the drawer's signature, the estoppel bound the holder as well and as to both, the drawer's signature must be deemed genuine. But the drawee was not estopped to deny the genuineness of the payee's indorsement which the subsequent indorser warranted and where the drawee pays the check to an indorser who derives title through a prior forged indorsement, he may recover back the money if demand is made within a reasonable time after the forgery is discovered.

In the case you submit I understand that the forged check was made payable to D— and that his signature as payee was genuine; if so, the case of *First National Bank v. Northwestern National Bank* would not apply. Nor does it appear that L—, who cashed the check, obtained same under any circumstances of suspicion which would deprive him of the status of an innocent holder, although doubtless he had parted with value and lost all chance to recover from D— before he presented and received credit for the check two days later. It might be that the Supreme Court of Illinois would hold that the general rule that the drawee is bound would not apply to a case where the holder receiving payment had met with his loss beyond recovery when he cashed the check for the forger and should not be entitled to transfer such loss to the shoulders of the drawee merely because of the latter's mistake of the signature. This has been so held in one of the Western States (North Dakota), although in several other States it has been quite recently held under the Negotiable Instruments Law that the drawee cannot recover money paid on a forged signature to a bona fide holder, not guilty of negligence, and that the fact that the holder would be in no worse position if compelled to refund than before, does not change the rule. The Negotiable Instruments Law is now in force in Illinois and the same rule might now be held in your State. The question, therefore, is somewhat doubtful.

I do not think the fact that the drawer had no

account with your bank, although you were his debtor on certificate of deposit, would affect the question. It would not change your position from payor to purchaser. A purchaser of the check from L— could hold him liable upon his indorsement; but an indorser does not warrant genuineness of the drawer's signature to the drawee and as to this check you were the drawee.

In conclusion, while you might have a chance of recovery if you took this case to the courts, the greater weight of more recent authority under the Negotiable Instruments Law is to the effect that there can be no recovery in such a case where the drawee mistakes the drawer's signature and pays a forged check to a bona fide holder not guilty of negligence; and unless you can establish that L— was negligent in acquiring the check or took the instrument under circumstances of suspicion, or before he obtained the cash or credit from you he was apprised of facts that would cast doubt upon the genuineness of the check so as to deprive him of the status of a bona fide holder, the probability is you would be held to have no recourse upon him.

PAYMENT OF FORGED CHECK.

Where drawee pays check to bona fide holder upon which both drawer's signature and payee's indorsement are forged, drawee has no right of recovery under law of New York.

From New York—We have had rather a peculiar incident occur and desire a little advice regarding the same. We recently cashed a check payable at the — National Bank of this place. It was presented to them and paid on the same date. Said check bore one indorsement besides our own. Fifteen days later the — National notified us that the signature of the drawer of the check was a forgery, also the signature of the endorser was a forgery.

If this is the case, who is liable for the amount of the check, the — National or ourselves?

Under the decisions in New York the drawee bank is the loser and cannot recover the amount from your bank.

It was held in *Title Guarantee & Trust Co. v. Haven*, 126 App. Div. (N. Y.) 802, under the Negotiable Instruments Law, that "a bank which pays a check purporting to be drawn on it by one of its depositors, guaranties the existence of the drawer, the genuineness of his signature and his capacity and authority to draw the instrument and, where such signature is forged, cannot recover back the amount from the person to whom it was paid, although the position of the parties to such person has not changed in any respect."

In your case the indorsement was also a forgery and the Supreme Court of Illinois in 1904, before the enactment of the Negotiable Instruments Law in that State, held in *First National Bank v. Northwestern National Bank*, 152 Ill. 296, that where the drawer's signature and payee's indorsement are both forged, the drawee, while estopped to deny the genuineness of the drawer's signature, is not estopped as to the payee's indorsement and the case is

equivalent to one where, the drawer's signature being genuine, payment is made on a forgery of the indorsement, so that the drawee would be entitled to recover. The contrary of this was, however, held in Iowa (First National Bank v. Marshalltown State Bank, 107 Iowa 327) and the New York courts, furthermore, do not take the Illinois view of the question.

In *Trust Co. of America v. Hamilton Bank*, 127 App. Div. (N. Y.) 515, in a case where both drawer's signature and payee's indorsement were forged, the Illinois case was cited but it was said that under the Negotiable Instruments Law an instrument is payable to bearer when it is payable to the order of a fictitious or non-existing person, and such fact is known to the person making it so payable and that whoever forged the signature knew that the person named as payee would never have any interest in the instrument; therefore, the court reasoned, the instrument can be treated as payable to bearer and having been paid on a forgery of the drawer's signature, the drawee could not recover the money paid.

Without discussing the soundness of the reasoning in the last stated case, it is sufficient to say that in view of the decisions in the two New York cases cited, the drawee bank in the case stated by you which paid a check on which both drawer's signature and payee's indorsement were forged, would not be entitled to recover the money paid.

NOTE PAYABLE TO "A B C AND OTHERS"

Is not negotiable because of uncertainty as to payee.

From Delaware—Please advise us if you would consider a note made according to form herewith enclosed a negotiable instrument. Some contend it is not as it is made payable to A, B, C and others, but you will note that we would not have space enough to fill in the names of all the endorers on the face of the note. How would you suggest to make a note where you have not space enough on the face of the note to fill in all the names of the endorers?

The Negotiable Instruments Law provides that "where the instrument is payable to order the payee must be named or otherwise indicated therein with reasonable certainty." A note made payable to the order of "A B C and others," would not be negotiable because of uncertainty as to the payee. It has been held that a note payable to order of "John Smith et al" is not negotiable (*Gordon v. Anderson*, 83 Iowa 224) and this is the same thing. Where it is desired to draw a note to a number of payees and the blank form of note does not give sufficient space for the insertion of all their names, my suggestion would be the providing of a special blank form with sufficient space.

STATUTE OF LIMITATIONS ON CERTIFIED CHECK.

In Pennsylvania, statute does not begin to run until demand and refusal to pay—Question of duty and responsibility of bank where it learns that cor-

poration, to whom instrument payable, is ignorant of its existence, same being withheld by an employee.

From Pennsylvania—A bank certifies a check for a customer, payable to the order of a corporation. The check has been outstanding for five years and has never been presented for payment. If not presented within six years, could the bank refuse payment, pleading the Statute of Limitations as a defense?

Section 187 of the Negotiable Instruments Act says: "Where a check is certified by the bank on which it is drawn, the certification is equivalent to an acceptance." Section 71 says: "Where it (the instrument) is payable on demand, presentation must be made within a reasonable time after its issue." Can these two sections be read together? Also presentment is not necessary to charge the party primarily liable according to the Negotiable Instruments Law.

Suppose the drawer of the check learns that the payee does not know of the existence of the check, it being held out by a clerk in the office. The bank is notified of the situation. Should the bank notify the payee? If it does not, does it assume any liability in the matter?

I understand that in *Jackson Paper Mfg. Co. vs. Com'l Nat'l*, 199 Ill. 151, it is said "presentment may be made at any time within the period fixed by the statute of limitations." The item under consideration was a certified check.

It has been held in Pennsylvania that the statute of limitations begins to run against the holder of a certified check from the date of the bank's refusal to pay it. *Girard Bank v. Bank*, 39 Pa. 92. It has also been held as to demand certificates of deposit that the certificate is not due nor can an action be begun thereon until payment has been demanded on the return of the certificate. Until then the statute of limitations is inoperative. *McGough v. Jamison*, 107 Pa. 336; *Finkbone's Appeal*, 86 Pa. 368.

A check certified for the holder is analogous to a certificate of deposit issued to him and the Pennsylvania rule seems to be that the statute does not begin to run until demand and refusal to pay. This is of course the rule as to general deposits in a bank.

I note your reference to *Jackson etc. Co. v. Bank*, 199 Ill. 151, that presentment of a certified check may be made at any time within the period fixed by the statute of limitations. It has also been held in Illinois that a demand certificate of deposit is due immediately; without demand and the statute of limitations begins to run at once. *Hunt v. Divine*, 37 Ill. 137.

It appears that decisions conflict in the different states as to the statute of limitations on certificates of deposit but the weight of authority is the same as that in Pennsylvania that the statute does not run until payment has been demanded.

The provision of the Negotiable Instruments Law to which you refer that presentment must be made within a reasonable time has reference only to charging parties contingently liable. As to the maker, he remains liable until the statute of limitations comes to his relief; in case of a deposit the statute does not begin to run in favor of the bank until demand made and this has been so held in Pennsylvania, according to the cases above cited, both as to certificates of deposit and certified checks.

You further ask if, in a case where the payee does not know of the existence of a certified check, it

being held out by a clerk in his office, and the bank is notified of the situation, is it under duty to notify the payee. Ordinarily, of course, there is no duty on the part of the maker to notify the payee that the instrument has not been paid him; but in a case where the instrument is surreptitiously withheld from the payee and the maker learns of the fact, there is a possibility that some court might take the view that the maker had a duty to speak and by remaining silent became a co-conspirator in the fraud and as such liable for resultant damage to the payee. But in the present case where the certificate would not be out-lawed, the liability of the bank to the payee therein would remain.

PROTEST OF CHECK.

Where check drawn and payable in the same State, the fact that it is mailed to a payee in another State does not make it a foreign bill of exchange, so as to make protest upon dishonor compulsory as distinguished from permissible.

From Delaware—Please give us your opinion on the following: A in Wilmington gives B a check for \$100, who deposits it in — Bank in New York City. The check is returned through the regular channel, and when presented, A's balance is not sufficient to pay it. In this case, I understand, the item being a foreign bill of exchange, would have to be protested. But had B deposited the check in — Bank in Wilmington, Del., would it then have been necessary to protest the item in order to protect ourselves?

Where A in Wilmington draws his check on a Wilmington bank and gives it to B who deposits it in

a bank in New York City, from whence it is forwarded to Wilmington for presentment, and A's balance is not sufficient to pay it, the check is not a foreign bill of exchange which requires protest. The Negotiable Instruments Law provides that:

"An inland bill of exchange is a bill which is, or on its face purports to be, both drawn and payable within the State. Any other bill is a foreign bill. Unless the contrary appears on the face of the bill, the holder may treat it as an inland bill."

As in this case the check is both drawn and payable within the State, it is not a foreign bill. The Negotiable Instruments Law further provides that:

"Where a foreign bill . . . is dishonored by non-payment it must be duly protested for non-payment. If it is not so protested, the drawer and indorsers are discharged. Where a bill does not appear on its face to be a foreign bill, protest thereof in case of dishonor is unnecessary."

The Act in another place provides:

"Where any negotiable instrument has been dishonored it may be protested for non-acceptance or non-payment, as the case may be; but protest is not required, except in the case of foreign bills of exchange."

It is thus seen in the case of the check you describe that protest is not necessary but permissible. Very often bills, notes and checks other than foreign bills of exchange are caused to be protested by collecting banks, not as a necessary step to hold indorsers—demand and notice are sufficient for this—but to provide by the certificate of protest a convenient means of proof of dishonor.



PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.
CALIFORNIA, SAN FRANCISCO.—First National Bank Building.
COLORADO, DENVER.—First National Bank Building.
GEORGIA, ATLANTA.—Empire Life Building.
ILLINOIS, CHICAGO.—First National Bank Building.
LOUISIANA, NEW ORLEANS.—Whitney Central Building.
MARYLAND, BALTIMORE.—Munsey Building.
MASSACHUSETTS, BOSTON.—201 Devonshire Street.
MICHIGAN, DETROIT.—Ford Building.
MINNESOTA, MINNEAPOLIS.—McKnight Building.
MINNESOTA, ST. PAUL.—New York Life Building.
MISSOURI, KANSAS CITY.—Midland Building.
MISSOURI, ST. LOUIS.—Frisco Building.

NEW YORK, BUFFALO.—White Building.
NEW YORK, NEW YORK CITY.—21 Park Row.
OHIO, CLEVELAND.—Rockefeller Building.
OREGON, PORTLAND.—Yeon Building.
PENNSYLVANIA, PHILADELPHIA.—Real Estate Trust Building.
PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.
TEXAS, HOUSTON.—Union National Bank Building.
WASHINGTON, SEATTLE.—Hinckley Block.

CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

IOWA, DES MOINES.—The Gust. J. Patek Detective Agency, 515 Mulberry Street.
ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.
FRANCE, PARIS.—Calchas & Debisschop, 15-17 Rue Auber.

OFFICE OPENED AT ST. PAUL.

THE William J. Burns National Detective Agency, Inc., the detective agents of this Association, have opened an office at No. 610 New York Life Building, St. Paul, Minnesota. T. P. McGuire, formerly assistant manager of the Minneapolis office, has been appointed manager of the new office.

The following is a report for the month of December, 1912, pertaining to the work of the Protective Department:

WARNING.

Members are warned to be on the look-out for bank sneaks William Barrett, Robert Rogers, Joseph Stiner and James Stickney, whose photographs are reproduced herewith. These four men are now operating and were recently seen in a bank at Rochester, N. Y., where they evidently contemplated an attack. They all have records as bank sneaks and pickpockets and are known to every police department in the country. If any one of them is seen loitering around a bank the police should be notified at once and his arrest effected.



ROBERT ROGERS.

Robert Rogers is described as being 36 years of age, 5 feet, 8 3/4 inches tall, weighing 142 pounds, medium build, dark chestnut hair, blue eyes, medium dark complexion, has scar on left side of forehead.



WILLIAM BARRETT.

William Barrett is described as being 42 years of age, 5 feet, 9 3/4 inches tall, weighing 198 pounds, stout build, light chestnut hair, slate blue eyes, medium fair complexion. V-shaped scar on back of left hand, arms covered with tattoo figures, eyebrows meet.



JOSEPH STINER.

Joseph Stiner is described as being 34 years of age, 5 feet, 6 inches tall, weighing 175 pounds, heavy build, medium dark complexion, dark brown hair, blue eyes.



JAMES STICKNEY.

James Stickney is described as being 34 years of age, 5 feet, 11 inches tall, weighing 170 pounds, good build, light complexion, light brown hair and blue eyes.

Forged checks purporting to be issued by the Southern Travelers Association signed by its president and secretary and drawn on a membership bank in New York City have been cashed recently in Southern cities but thus far no attempt has been made to operate against a bank, hotels accepting the bad checks. The checks thus far reported were drawn on a special form of check with the name "The Southern Travelers Association" printed conspicuously at the top of the form, and drawn in favor of William Wright or Charles C. Lewis. Following is a specimen of the handwriting of this operator.

Checks drawn to the order of J. Rheinstrom have recently been cashed for a man of that name by different individuals which are declared to be worthless. The checks are alleged to be drawn by the Manufacturers' Export Association, with which Rheinstrom was formerly connected, and are signed by him as General Manager. The firm says that Rheinstrom has no right to draw checks in their name. Rheinstrom appears to be leaving a trail of these checks through the Middle West but thus far no bank has lost on account of his operations.

Harold Evans, Jr., is being sought by our detective agents for forgery in the interests of this Association and the California Bankers' Association. This party forged his father's name, Harold Evans, Sr., to three checks and succeeded in cashing same at a bank member in Los Angeles, California.

His description is as follows: Age, 20 years; height, 5 feet 8 inches; weight, 160 pounds; build, slim; complexion, medium; eyes, blue; hair, dark brown; smooth shaven. Well dressed and has the appearance of a clerk, has long thin features and very heavy dark eyebrows. When he left home he wore a dark blue suit, well worn black lace shoes; light telescope hat with wide black band; wears hat on right side of head, stands very straight and walks rapidly.

A specimen of his handwriting appears below.

A man who called himself Fred Garden is wanted for defrauding a bank member at New Haven, Connecticut, by means of a worthless check. Garden went to New Haven, and, through one of the bank officials, arranged to obtain office room in the bank building, claiming he represented a well known insurance company. After he won the confidence of the bank people, he opened an account with cash and a check which proved to be worthless. He also secured some cash from local merchants on the strength of his account at the bank.

Garden is said to be 30 years old, 5 feet, 5 or 6 inches in height, 140 pounds in weight, brown hair and smooth face; wore a brown overcoat, brown soft hat and dark scarf pin with diamond in the center. Following is shown a specimen of his handwriting.

H. A. Morgan, alias W. A. Watson, alias H. A. Cline, in November, 1912, operated in Carbondale, Ill., Cairo, Ill., and Macon, Mo., and defrauded several business men by means of bogus checks drawn on a bank member of Canton, Mississippi. He claimed to be a member of the Knights of Pythias Lodge, Rochester, N. Y.

He is described as follows: Age, 30 to 35 years; height, 5 feet, 10 or 11 inches; weight, 150 pounds; build, slim; eyes, dark; hair, dark; skin, fair; smooth shaven and neat dresser.

A bank member of Chicago on December 2, 1912, reported that a man using the name of Wm. H. Long had opened an account in the Savings Department with a deposit of \$5. On the same date he had deposited a check for \$100 and received a pass book. He undertook to have a check cashed on the same date and to again draw on the account.

The following day he returned and undertook to draw \$10 of this amount. However, the bank would not honor his check and a few days later they received a pass book from a member bank in Indianapolis together with a draft for \$190 where he had undertaken to draw a part of the amount from the bank in Indianapolis.

It is presumed this man will travel eastward and may succeed in defrauding some bank. He is described as follows: Age, 26 years; height, 5 feet, 6 inches; weight, 180 pounds; dark hair, round smooth face. He gave his address at some fictitious number on Wabash Avenue and claimed to be in the employ of Marshall Field & Co., Chicago. In Indianapolis he claimed to have been employed by a large firm. The Eastern banks should be on the look-out for this party.

A man giving the name of William Dailey and claiming to be a representative of the Hancock Grain & Milling Company, McComb, Ohio, is drawing forged checks on that company, and recently defrauded a depositor of one of our bank members at Madison, Ill. He is described as follows: Age, 24 years; height, 6 feet; hair, light chestnut; complexion, fair; smooth shaven, prominent, slightly Roman nose, good dresser and a fluent talker. He represents himself as a member of Odd Fellows at Elmira, N. Y.

Recently a bank member of Yorkville, Ill., reported a forgery by Fritz Dohna. Our detective agents took up this investigation and learned that Dohna had departed for parts unknown several weeks before the discovery of the forgery. Dohna is described as follows: Age, about 33 years; weight, 135 pounds; height, 5 feet, 6 inches; build, slender; hair, dark; complexion, dark; black mustache; nationality German; well educated; inveterate smoker of good cigars. Has military bearing. Claims relationship to the nobility of Germany and to own considerable land in Alabama and the South.

A forger employing the name Frank Rapp and presenting a card "Frank Rapp and Company, Chicago, Illinois," cashed a check at Chesterton, Indiana, defrauding a depositor of a member bank in the sum of \$67.

A forger using the name of J. F. Masterson succeeded in passing a number of forged checks during the latter part of November, in Des Moines, Iowa, thereby swindling a member bank. Masterson was employed by the J. F. Masterson & Company, bookbinders and rulers. His interest in the concern was nominal and he acted as a solicitor for the firm. However, after Masterson was discharged a number of bogus checks began to appear.

This Association is co-operating with the Iowa Bankers' Association in this investigation. Our detective agents are engaged in an active search for this party.

A non-member bank of Templeton, Iowa, reported a raised check by a party using the name of F. H. Carter.

A bank member of Meridian, Miss, reported a loss by means of forged check, the check in question being forged by one H. B. Davis, over the signature of one of the bank's depositors. Our detective agents were notified and ascertained that the criminal's right name was H. B. Umstead and that he is also wanted by the United States postal authorities in Memphis, Tenn., for raising a money order from ninety cents to ninety dollars.

He is described as being about 26 years of age, 5 feet 9 inches and weighing about 155 pounds. Has sallow complexion, light blue eyes, and light brown hair. Is continually smiling.

A young man, claiming to be Sam H. Gold, succeeded in defrauding a bank member of St. Louis, Mo., by means of bogus checks which they cashed for him. It later developed that this party had impersonated Mr. Gold, who is a depositor of the bank in question.

Our detective agents are trying to locate a young man named Otto West, who gave a worthless check drawn on a London, England, bank to a membership bank at Edgewater, New Jersey, for which he received cash. West is said to be 20 years of age, 5 feet, 5 inches in height, 150 pounds in weight, stocky build, light brown hair, full round face, smooth shaven, speech somewhat effeminate. A specimen of his handwriting is shown below.

Otto West

Adolph Schulz is being sought by our detective agents for defrauding a bank member in New York City. Schulz secured office room with a New York importer where he had access to the mails. Recently a number of missing checks were traced to him and it was found that he had forged the endorsement of the payee and deposited two checks to his credit.

Schulz is described as follows: Age, 30 years, height, 5 feet, 6 inches; weight, 160 pounds; medium brown hair, dark ruddy complexion, smooth shaven, has a round German face, talks with a German accent but has the appearance of a Swede; has large hands, irregular teeth and is careless in his dress.

Following is shown a specimen of Schulz' handwriting.

Adolph Schulz

A bank member at Langdon, North Dakota, has reported that they have been defrauded by means of two raised checks and our detective agents are trying to locate those responsible for the transaction. Two men, Ronald McIntosh and Ad. McIntosh, who worked as threshers on a farm in that section, were given

small checks in payment for their services which they raised and succeeded in cashing at the bank upon which they were drawn. The alterations were not discovered until some time later and in the meantime both men had disappeared.



MICHAEL TANENHAUS.

Michael Tanenhaus, who for several years conducted an apparently profitable business as auctioneer and commission merchant in New York City, went into bankruptcy in August last with heavy liabilities and practically no assets. He has since disappeared and it has been discovered that he has defrauded a New York bank member by means of forged and bogus notes.

Tanenhaus' description is given as follows: Age, 38 years; height, five feet, 8 inches; weight, 140 to 145 pounds; dark complexion; black hair; brown eyes, with prominent nose and thin face.

Musical & Prost comp.



FREDERICK MARK.

Frederick Mark, whose photograph is reproduced above, is being sought by our detective agents on complaint of a bank member at Red Hook, New York, where he deposited a check which was later found to be a forgery. Mark had been a customer of the bank for a year or more and had no difficulty in drawing against the forged check and getting away before the forgery was discovered. Investigation developed the fact that Mark was implicated in other transactions of this kind.

Mark is described as follows: Age, 30 years; height, 5 feet, 11 inches; weight, 147 pounds; build, broad shoulders—otherwise slender; complexion, dark

and tanned; eyes, red brown and blood-shot; hair (on sides and back of head), dark and streaked with gray, but very bald; smooth shaven; walks with a sort of lock-step with head erect; has large scar on third finger of left or right hand from razor. Mark has served in the United States army and also a term in prison in Australia.

Following is shown a specimen of his handwriting:

Frederick Mark

Frederick Mark



A. J. ROBERTSON.

A. J. Robertson recently defrauded a membership bank of Newberg, Oregon, by depositing for collection two checks made payable to himself in the sum of \$4,000 each. Robertson requested an advance and upon being identified by a regular customer of the bank was accorded this favor. The checks were returned from the bank on which they were drawn bearing the notation that the signatures were forgeries.

He is described as follows: Age, 30 to 36 years; height, 5 feet, 10 or 11 inches; weight, 175 pounds; complexion, light; hair, reddish brown; eyes, brown and is near-sighted; beard, small sandy mustache; dress, rough. At the time of the call at the bank he was wearing a brown raincoat, black soft hat. Appearance, that of a laborer.

This Association is acting in conjunction with the Oregon Bankers' Association in the search that is being conducted for this man.

A membership bank of Portland, Oregon, reports the defrauding of their bank through the forged endorsement of a local railway pay check. This Association, co-operating with the Oregon Bankers' Association through our detective agents, are conducting an investigation.

A membership bank of Portland, Oregon, has reported a loss by means of a forged check of one of their customers. The check bearing the name of the customer is made payable to Harry H. Bailey. An investigation of this case developed that a new clerk of the firm permitted a supposed customer the use of a blank check of the firm. The identity of the customer is not yet ascertained. The Oregon Bankers' Association is co-operating with this Association in the investigation now being made by our detective agents.

A membership bank of Portland, Oregon, reports a loss sustained by their bank by means of a forged check of one of their customers.

The suspect in the case, Dave Evans or P. A. Evans, is a waiter or bartender, 5 feet, 11 inches tall, well built, has the appearance of a smart business man and is always well dressed. The check was cashed in Vancouver, B. C.

Our detective agents, working in behalf of this Association and the Oregon Bankers' Association, are engaged in an active search for this party.

Early in December a member bank at Greenville, Pa., discovered that they had been defrauded on two checks which had been presented by customers who claimed to have cashed them for one John Vangorden.

Description of Vangorden: Age, 35 years; height, 5 feet, 9 inches; weight, 170 pounds; build, medium; eyes, dark; hair, dark; complexion, dark; smooth shaven, wore a dark brown sack suit, gray sweater, low soft hat.

A specimen of Vangorden's handwriting is reproduced herewith.

John Vangorden

Late in December a member bank at Pittsburgh made complaint to the Pittsburgh office of our detective agents, that they had been defrauded through having cashed a check for one George A. Williams, a colored messenger boy, who, up until recently had been in the employ of a business firm with offices in the same building in which the bank is located.

Williams had been for some time cashing checks for a customer of the bank, and through his becoming familiar with the customer's signature, issued a check to which he cleverly forged the signature of the customer.

Williams' description is as follows: Age, 18 years; height, 5 feet, 3 inches; weight, 120 pounds; build, slender; hair, black; complexion, negro, very light; smooth shaven. When last seen wore light gray soft hat, telescope shape, gray suit, light tan raincoat, tan shoes, with rubber heels, inclined to wear fancy vests, very neat dresser.



JOE GOMEZ.

A Washington state member has reported a forgery. Joe Gomez, alias Joe Burke, in some way obtained a check book, corresponding with that used by one of the bank's customers, and also the correct signature of this customer, and effected a forgery by means of same and cashed the forged check at another bank in the same town.

Gomez served 22 months in the Washington State Penitentiary for snatching a lady's handbag on the streets of Tacoma, Washington, and was released from that institution about July, 1911.

Gomez, whose photograph is reproduced above, is described as follows: Age, about 30 years; height, 5 feet, 7 inches; weight, 155 pounds; build, medium; eyes, light blue; hair, brown; dress, neat and well appearing; smooth shaven; complexion, brownish.



HARRY HOKANSON.

A forger using the name of Harry Hokanson succeeded in defrauding a member bank at Wausau, Wis., some time ago. However, the discovery of this forgery was not made until a recent date when our detective agents had the same referred to them for their investigation. It appears that Hokanson's proper name is Ohlson and his father H. E. Ohlson resides in Wiken, Sweden. Hokanson is about 23 years of age, 5 feet 11 inches tall and weighs about 145 pounds.

J. A. Bush has been reported as defrauding a Washington State bank by means of a printed form check once used by the Wenatchee Fruit Growers' Association. Bush issued several of these checks and succeeded in cashing all of them; one check was cashed at a bank, another at a barber shop and one other at a hotel off in another state.

Several times Bush has been engaged with wholesale drug houses selling goods on the road. His record indicates that he was discharged by each and every employer in that line for dishonesty in some form or another. One plan he used was to collect accounts from customers of the concern from whom he worked, pocket the money and then send in forged notes purporting to be the settlement received from such customers.

He is described as follows: Age, 37 to 40 years; height, 5 feet, 11 inches; weight, about 200 pounds; eyes, gray; hair, medium light; smooth shaven; slightly stooped shoulders, wore gray suit, and black derby hat when last seen.

The following arrests and court actions are not included in the statistics as reported, since they do not directly affect members of the Association. Their publication together with other data being a precautionary measure:

Frank C. Clarke, arrested for stealing a check from his employers and cashing the same by affixing an improper endorsement at a San Francisco bank member, pleaded guilty to the charge of grand larceny on December 2, 1912. His sentence has been deferred pending action on a motion for probation which has been interposed in his behalf. Journal, October, 1912, page 235.

We are in receipt of information from our detective agents at Boston that Edward J. Devereaux, whose operations and description were previously reported on page 315, November, 1912, Journal; also on page 386, December, 1912, Journal, was on December 18, 1912, sentenced at Boston to from four to six years State Prison, having been found guilty on four counts of forging and uttering.

Raymond K. DeWees was arrested in Philadelphia, Pa., on December 21, 1912, while attempting to pass a fraudulent check on one of the business houses of Philadelphia, Pa. His method was to have a small check cashed, which proved to be good, after which he would deal with the house for a space of time, and then he appeared on the scene in a taxicab. The business house had been warned against cashing these forged checks for DeWees and had a city hall detective stay in the store when they thought DeWees would arrive. DeWees arrived with the check and when he was about to receive the money he was arrested. He pleaded guilty in December to the charge of forgery, and was sentenced to one year in the Philadelphia County Prison. There is no record of any membership bank being defrauded by his operations.

George F. Eddy, alias George Van Hutton, who for some time has been passing forged checks on an Eastern bank and requesting large amounts from different business men in Philadelphia, Pennsylvania, was arrested on November 1, 1912, in that city, and was sentenced on November 27, 1912, to an indeterminate term in the State Reformatory at Huntingdon, Pennsylvania. While no loss was sustained by any membership bank we think that his arrest was of great value as he appears to be a dangerous operator.

Thomas L. Emmett, alias Thomas R. Leonard, Leonard J. Wickett, Thomas E. Leonard, George Higgins, William Matthews, H. C. Curwood, Charles Chapman, C. E. Ellis, John C. Post and R. R. Randolph was arrested November 28, 1912, in New Orleans, Louisiana, charged with forgery and has been returned to Los Angeles, California, where he was wanted for jumping his bond.

Emmett presented checks purporting to be payable to him by the Galveston Realty & Investment Company of Galveston, Texas, with whom he claimed he was connected. On November 26th, he received \$10 on a check for \$100 presented at one of the principal hotels of New Orleans. The hotel people became suspicious and wired a bank, non-member, of Galveston, on whom the check was drawn and Emmett's arrest followed.

It has subsequently developed that this criminal is on eight years probation in Riverside County, California, where he was arrested September 6, 1912, charged with forgery and returned to Los Angeles, California, and his trial set for November 8, 1912. Emmett, however, jumped bond and failed to appear.

Emmett is described as follows: Age, 34 years; height 5 feet, 11 inches; weight, 180 pounds; build, heavy; complexion, medium, slightly flushed from dissipation, eyes, hazel; smooth shaven, neat dresser.

Emmett is also wanted by the Chief of Police, San Antonio, Texas, on a forgery charge. He is not known to have defrauded any member of this Association.

John T. Fletcher, alias M. J. Thomas, arrested November 29, 1912, at New Orleans, Louisiana, charged with obtaining money under false pretenses and uttering as true, having, it is alleged, cashed three bogus checks, defrauding two hotels and an individual, died December 6, 1912, at Columbus, Ga.

We are informed by our detective agents that Reverend Harry F. Fuller, formerly pastor of a Baptist Church in the vicinity of Flemington, N. J., who has for some time since been passing worthless checks in the neighborhood of Boston, Mass., was arrested in Boston on December 16 on the charge of fraudulently obtaining entertainment at an inn. He was sentenced in the Municipal Court at Boston by Judge Murray on December 17 to one month in the House of Correction.

Using the name of E. A. Gould, W. H. Osborne, E. A. Berger, E. E. Webb, H. D. Walker, C. B. Stiff, and E. J. Miles, a party operated in St. Louis, Missouri, recently, defrauding various merchants with bogus checks, drawn on a bank member of that city.

This party's right name is said to be R. S. Jones, alias Robert James, an ex-convict from the Chester, Illinois, Penitentiary. He was arrested by the St. Louis police December 19, 1912, and confessed.

A young man, giving the name of L. W. Hubble, 21 years of age, and said to reside at Nashville, Tenn., was arrested in St. Louis, Missouri, by the local police November 24, 1912, for forgery. He was held for the Nashville, Tennessee, authorities and returned to that city for trial.

James S. Kilgore passed bogus checks on a restaurant keeper in St. Louis November 14, 1912. He was later arrested at Louisville, Kentucky, and returned to St. Louis, December 10, 1912, charged with forgery in the second degree. He is being held awaiting trial.

Elmer Polivogt, arrested in St. Louis, Missouri, by the local police, charged with forgery, fourth degree, having forged his employer's name to a check, pleaded guilty before Judge Kinney of the Criminal Division of the Circuit Court, December 17, 1912, and sentenced to the St. Louis City Workhouse for one year.

A young man, 22 years of age, giving the name of Henry Randolph and residence in San Francisco, California, was arrested by the St. Louis local police department charged with passing bogus checks on merchants. He is being held on the charge of obtaining money under false pretenses.

Frank J. Siebold, alias Joseph F. Seabolt, alias Charles Wright, alias Charles White, alias George Fox, alias Frank Miller, on December 21, 1912, was sentenced to the Missouri State Penitentiary for a term of four years by Judge David H. Harris of the Calloway County Circuit Court, at Fulton, Missouri, on a charge of forgery to which he had pleaded guilty. Siebold's last transaction was reported by a bank member at New Bloomfield, Missouri. See Journal, October, 1912, page 254.

A man using the name of B. L. Wendelborn drew a sight draft on October 25 for \$35 and succeeded in passing this draft at a hotel in Pittsburg, Kansas, and it later was returned protested. This man is described as being about 6 feet tall, weighing 175 pounds, smooth shaven, dark complexion, very black hair, neat dresser, soldierly bearing. This man was recently arrested in Pine Bluff, Arkansas, where he attempted to obtain money under false pretenses. He was tried on that charge and bound over to await the action of the Grand Jury.

ARRESTED.

A bank member at Houston, Texas, on November 30, 1912, reported to our detective agents that a party was issuing checks on their institution purporting to bear the signature of one of their depositors; that several of the checks had been presented for payment and had been turned down. However, one of the bank's customers deposited one of the checks, having made an advance on it to a man named W. A. Bass. Our detective agents succeeded in apprehending Bass on December 1.

A package of one hundred October, 1912, pay checks of the Oregon-Washington Railroad & Navigation Company, all properly executed in favor of the company's employees were stolen in transit between Spokane, Washington, and Wallace, Idaho. The endorsements of the checks were easily forged and readily accepted by merchants and at member banks who found they had been defrauded as payment had been stopped at the corporation's office on which they were drawn. Two employees of the company, Thomas Crow, a stenographer, 30 years of age, and Fred W. Morrill, a baggage man, with Fred S. Knapp, a former employe, have been taken in custody in connection with the matter.



JOHN M. BUTLER.

John M. Butler, alias N. B. Manning, alias Jaun Benzett Maitland, was arrested in Philadelphia, Pennsylvania, on October 8, 1912, when he tried to collect a check forged by him on a member bank in Philadelphia. He was held at the bank until the police arrived. On November 15, 1912, sentence was suspended, due mainly to his old age.

Since that time he has endeavored to open accounts at other banks on fraudulent checks. It will be well for the banks to keep on the look-out for him as he will, no doubt, continue his practice of passing checks. He is described as follows: Age, 73 years; weight, 97 pounds; height, 5 feet, 8½ inches; hair, brown and grey; eyes, medium light blue; build, slender; complexion, medium dark; mustache, grey; born, Philadelphia, Pa.; occupation, collector. Bertillon: Hgt., 65.5; O.A., 68.0; Tr., 86.0; H.L., 18.3; H.W., 14.5; Ck., 12.8; R.E., 7.0; L.Ft., 24.7; M.F., 10.9; L.F., 8.5; F.A., 44.3. Marks and scars: small scar cut rear head. Raised mole below outer corner left eye. Raised mole on right cheek bone right temple and outer corner of right eye brim.

Two lots of interest coupons were taken to a member banking firm by a messenger from a bank member in New York one day early in December last where they were left for a short time, as is the usual custom, while checks in payment of the interest due were being written. Later the checks were called for and one check was given to the young man who appeared at the window and one set of the coupons were returned as it was found that they were not payable by the bankers. It later developed that the check and coupons had been given to an impostor who had represented himself to be the messenger who had left them for collection. He immediately took the coupons that were handed him to the office where they were payable where he succeeded in having the check in payment of the interest made out in his favor. Not being able to get the cash at the member bank upon which it was drawn, the thief gave the check to an acquaintance for collection after having it certified. In the meantime our detective agents had been notified and at once took up the investigation of the transaction with the result that a young man named Thomas J. Fitzgerald was found to be implicated and he was promptly placed under arrest. Sufficient evidence was presented at the preliminary hearing to warrant holding him to await the action of the Grand Jury.

Through the arrest of Leo Berman and Nicholas Hodes by our detective agents in November, the operations of a clever gang who have defrauded several bank members and merchants in New York City were uncovered and two more men have since been taken into custody and indicted in connection with a series of forgeries which have netted thousands of dollars. Myron A. Livingston, who was thought to be a reputable real estate dealer and business man, was placed under arrest on December 13 and Joseph Gassner, alias Gastner, a furrier, on December 19. The investi-

gation undertaken by our detective agents led the first two men to confess their part in the operations of this group and Gassner has also made a partial confession. It is thought that Hodes was an innocent party to the swindles which these men planned. An account of the arrest of Berman and Hodes was published in the December, 1912, Journal, page 387.

Late in December a complaint was received from a member bank at Clarion, Pennsylvania, that they had been defrauded by means of a forged check which they had cashed for a man giving the name T. E. Myers.

The Pittsburgh office of our detective agents were immediately communicated with and a representative was sent to Clarion the next day, who, within two days' time at Clarion, succeeded in locating and causing the arrest of the forger, who proved to be one Charles G. Greenawalt of Sligo, Pa.

Greenawalt had also succeeded in defrauding a member bank at Rimersburg, Pennsylvania, by passing a forged check, using the name H. B. Lerch. Greenawalt has been given a preliminary hearing at Clarion, Pennsylvania, at which he pleaded guilty and was held to await the action of the Grand Jury.

Description: Age, 25 years; height, 5 feet, 5 inches; weight, 130 pounds; build, slender; complexion, fair; hair, light sandy; eyes, blue; smooth shaven. Wore light gray cap, light gray suit and black shoes.

A specimen of his handwriting is reproduced herewith:

Charles G. Greenawalt

A member bank of Portland, Oregon, reported a loss by means of a bogus check and an investigation of our detective representatives resulted in the arrest of A. H. Halsey on December 9, 1912. Halsey employed the names of E. S. Moore and G. H. Wilson and the similarity of the writing led to the tracing through lumber camps and the final arrest of Halsey, wanted for two crimes committed on the same member bank. This Association acted in conjunction with the Oregon Bankers' Association in this investigation. Journal, October, 1912, page 253.

Through information furnished by our detective agents, Superintendent Kline of the United States Mail Service caused the arrest of Frank Holloway, alias Robert Huntley, in Memphis, Tennessee, on December 10, 1912. The arrest was made by the police of that city. He is wanted for swindling bank members at Kansas City, Missouri, Clovis, New Mexico, Temple, Texas, Omaha, Nebraska, and Oklahoma City, Oklahoma, by means of bogus drafts after securing several thousand dollars. This man is considered one of the most dangerous criminals in the United States at the present time, burglaries and bank robberies being charged against him as well as swindling operations with bogus commercial paper. See Journal, May, 1910, page 496.

A member bank at Oakdale, Pennsylvania, made complaint that they had been defrauded by means of a forged check which they cashed for W. T. Irvin. The Pittsburgh office of our detective agents was advised and caused Irvin's arrest November 18, 1912, on a charge of passing forged checks and obtaining money under false pretenses.

Irvin pleaded guilty at Pittsburgh, Pennsylvania, on December 10th and was sentenced to serve three months in the Allegheny County Jail, but Irvin having also operated in Philadelphia, sentence was deferred to give him an opportunity to adjust a charge which was brought against him in Philadelphia.

While Irvin did not forge the signature on the check in question, he cashed it, knowing the signature to be forged.

Description of Irvin: Age, 35 years; height, 5 feet, 10 inches; weight, 160 pounds; build, medium; eyes, dark; hair, black, mixed with grey; complexion

dark; smooth shaven; has long dark eyebrows and large eyes. Wore black derby hat, dark blue suit, black patent leather oxford shoes.

A young man giving the name of Ira J. Lindsay, residing in St. Louis, Mo., was arrested in St. Louis by the local police December 9, 1912, for attempting to pass a bogus check on a bank member of that city. He is being held awaiting investigation.

George Lockwood, who defrauded a bank member of Morristown, New Jersey, as published in the December, 1912, Journal, on page 384, was apprehended by our detective agents on December 2, 1912, in New York City. He was taken to New Jersey for trial.

William R. McBrine, former warrant clerk in the Auditor's office of the State of Oklahoma, who is charged with being implicated in the raising of state warrants by which a member bank at Guthrie, Oklahoma, was defrauded, finding that our detective agents were close on his trail, surrendered to the authorities of that State the latter part of November last. He is now in jail at Guthrie endeavoring to effect his release under \$10,000 bond.

Elwood A. Mercer, his wife Katheryn Barbour Mercer, and Mrs. Mercer's young brother, Charles Barbour, aged 11 years, were arrested November 30, 1912, at St. Louis by the local police and our detective agents for passing forged checks on three bank members of that city. Mrs. Mercer and the boy made full confession. All three are being held on the charge of forgery.

Ralph R. Moore, alias C. R. Moore, charged with defrauding a bank member at Cleveland, Ohio, by means of a bogus check, was arrested early in December at Toledo, Ohio. See Journal, October, 1912, page 253.

On complaint of a bank member at Detroit, Michigan, Robert Mowat, alias Gordon Johnson, was arrested in that city on December 21, 1912, by our detective agents assisted by the local police. The member had charged Mowat with defrauding them by means of worthless checks. Journal, December, 1912, page 383.

On December 2, 1912, a man named D. H. Murphy attempted to cash at bank member of San Francisco, California, two worthless checks. Murphy was arrested by the San Francisco Office of our detective agents.

As a result of an investigation conducted by our detective agents in behalf of this Association and the Oregon Bankers' Association, Q. A. Rockwell was arrested at Kamiah, Idaho, December 1, 1912, on a charge of defrauding a bank member at Monmouth, Oregon, by means of a worthless check.

C. D. Romero, who was sentenced to spend ten years in the Nebraska Penitentiary in 1905 for his connection with a check transaction in which a bank member at Bridgeport, Nebraska, was defrauded, was released by the Nebraska authorities on December 14, 1912, and was immediately rearrested and taken to Springfield, Utah, where he was wanted to answer to a charge of forgery, also committed in 1905, preferred by a member bank of the latter city.

Orin E. Schantz defrauded a bank member at Eldorado, Illinois, on November 16, 1912, by means of a bogus check. The matter was reported to our detective agents on November 29, 1912, and through their efforts this criminal was traced to Vincennes, Indiana, December 16, 1912, and placed under arrest there by the local police.

After his arrest it was learned that he is wanted at Liberty, Indiana, on a similar charge and the Indiana authorities refused to give him up until he had answered to their charge.

Adolph Smith, a young German whose forgeries were noted in the October, 1912, Journal, page 252, was arrested by a representative of the New York Office of our detective agents on December 11, 1912, and is now awaiting trial for his operations.

Harry Stone, alias Frank Loomis, who was arrested the latter part of November last on complaint of a bank member at Bakersfield, California, for his connection with several forgeries by means of which the Bakersfield bank was defrauded, is being held for trial at that point. Stone is also wanted at Portland, Oregon, where he gave a bank member a worthless check and secured considerable cash.

Stone is described as follows: Age, 44 years; height, about 5 feet, 8 inches; weight, 140 pounds; light complexion; blue or gray eyes; brown hair, bald on top; long sharp nose, uneven teeth, poor gold crown, front upper; husky voice; drinks heavily.

The California Bankers' Association and the Oregon Bankers' Association are co-operating with this Association in the prosecution of this criminal.

About the middle of December, complaint was made by a member bank at Pittsburgh, Pennsylvania, to the Pittsburgh Office of our detective agents that they had been defrauded on a number of forged checks which they cashed for Charles Veverka.

Our detective agents learned that Veverka was under arrest at the time, on a conspiracy charge, and after it was ascertained that Veverka was guilty of having passed the forged checks on the member bank in question, information was made against him, charging him with passing forged checks and obtaining money under false pretenses. An additional information was made against Veverka's sister Anna, charging her with conspiracy in assisting her brother to cash checks, knowing them to have been forged by him. Veverka and his sister are awaiting trial at Pittsburgh, Pennsylvania.

Veverka was recently released from the Allegheny County Workhouse, where he served eighteen months of a two year sentence imposed upon him for falsifying the accounts of another member bank at Pittsburgh.

A specimen of Veverka's handwriting is reproduced herewith.

A. Sereko

Albert Videla, alias Alberto Videla Herrera, alias Albert Vidalla, a Chilian by birth and an opera singer by occupation, badly wanted by our Association for forgery on a bank member of New Orleans, Louisiana, was arrested in New Orleans on December 2, 1912.

Our detective agents located this criminal over a month ago and were ready to cause his arrest, but owing to the fact that the employees of the bank in question could not positively identify him, the arrest was not made.

Videla, however, recently attacked another bank member in New Orleans, the matter being turned over to the local authorities who were successful in getting the necessary identification from the second member bank and the arrest of this criminal followed.

A member bank of Monroe, Louisiana, reported a loss through the negotiating of a worthless check by one C. W. Watkins, drawn on a member bank at Rayville, Louisiana. Our detective agents were given charge of the case and after a two days' chase succeeded in locating Watkins at Shreveport, Louisiana, at which point they caused his arrest December 12, 1912. Watkins deposited the check in question at the bank of Monroe, Louisiana, member, and requested a bank book and the amount of the check placed to his credit. He immediately proceeded to purchase goods from various merchants, giving them checks against his supposed account.

We have the following description of this Watkins: Age, 44 years; weight, 150 pounds; height, 5

feet, 6 inches; build, medium stocky; complexion; florid; eyes, gray; hair, brown, curly, slightly bald in front; smooth shaven, talkative, neat dresser; occupation, hardwood lumber inspector.

Watkins is being held in Shreveport until the date of trial on account of the crowded conditions of the jail at Monroe.

James Williams, alias Harry C. Williams, alias Will Hugh Maguire, was arrested at Sebastopol, California, on December 23, 1912. Williams has defrauded several Pacific Coast bank members of late, including institutions at Corona, California, Oregon City, Oregon, Snohomish, Washington, and at Waterloo, Iowa. His method of operation was practically the same in all cases. Upon his arrival in a city where he proposed to operate, he would make the acquaintance of some clergyman and through him secure an introduction at the bank, saying he proposed to settle there provided he found a suitable home. He would then open an account with a good sized check (which would later prove to be worthless) and also request the bank to give him the cash for a bogus certified check for a smaller amount. In a number of instances he was successful until our detective agents got on his trail. The California Bankers' Association is co-operating with this Association in the prosecution of this operator.

Williams is described as follows: Age, about 60 years; height, 5 feet, 7 inches; weight, 150 pounds; complexion, medium light; hair, sandy; mustache, sandy; blind in right eye, left eye, blue; clean, ordinary dresser; quiet and not much of a talker.

A specimen of this man's handwriting is shown below.

James Williams

REMOVED.

Charles Adams, alias Abbott, arrested by our detective agents on August 27, 1912, after he had attempted to pass a forged check at a bank member in Cleveland, Ohio, failed to put in an appearance to plead to the indictment. He has been declared a fugitive and a capias has been issued for his arrest. Journals September, 1912, page 181 and October, 1912, page 254.

REMOVED BY COURT ACTION.

E. S. Armstead, alias Samuel J. Sweeney, alias E. S. Burns, on November 9, 1912, pleaded guilty to a charge of forgery and defrauding a bank member at Denver, Colorado, and was sentenced to an indeterminate term in the State Reformatory at Buena Vista, Colorado.

Charles H. Arnold, whose arrest was reported on page 386, Journal December, 1912, on December 6, 1912, pleaded guilty to a charge of defrauding a bank member at Akron, Ohio, and was sentenced to an indeterminate term at the Ohio State Reformatory at Mansfield, Ohio.

John M. Butler, whose arrest is reported in another column of this issue of the Journal, was given a suspended sentence.

Charles Carter's arrest was reported and his photograph reproduced on page 695 of the May, 1912, Journal. On November 11, 1912, he was sentenced to serve two years in the Arkansas Penitentiary.

J. L. Clemens, whose arrest was reported on page 181, September, 1912, Journal, has been released. He returned the money he had obtained from a bank member at Birmingham, Alabama, on a forged check.

Henry Cloeys, arrested October 1, 1912, charged with forging the name of a savings depositor of a member bank, Duluth, Minnesota, has been sentenced

to the State Penitentiary, having been convicted of the above charge. Journal, November, 1912, page 318.

John Gordon, alias Ryker, whose arrest on complaint of a bank member in New York City was reported on page 256, October, 1912, Journal, pleaded guilty to a charge of forgery, second degree, and was sentenced December 6, 1912, to the New York State Reformatory at Elmira, New York.

J. F. Hitchcock, wanted for defrauding a North Dakota bank member by means of bogus drafts, recently arrested by the Federal authorities at Denver, Colorado, on a charge of white slavery, has been sentenced to serve thirteen months at the Leavenworth Federal Prison, on the latter charge. Journal, November, 1912, page 318.

Frank Holloway, whose arrest is recorded in another column of this Journal, was returned to the Texas Penitentiary to serve an unexpired term of seven years for past misdeeds, he having escaped from the Texas authorities some time ago. He will be taken care of when this term is completed as warrants have been lodged against him for other crimes committed throughout the country since his escape.

Mrs. Buel Kasper, wife of Frederick Kasper, nee Buel McPherson, the latter being the name under which she has always gone, who was arrested in St. Louis November 6, 1912, entered a plea of guilty to forgery in the fourth degree, in the Criminal Division of the Circuit Court at St. Louis, Missouri, December 9, 1912, and was sentenced to the City Jail for six months. See Journal, December, 1912, page 387.

T. L. Knowles and W. C. Meek, who operated against a bank member at Phoenix, Arizona, by means of forged checks on April 26, 1912, were convicted of using the mails to defraud and were each sentenced to serve six months in the County Jail and fined \$100. Journal, May, 1912, page 695.

George Lockwood, whose arrest is recorded in another column, pleaded guilty on two counts before the County Court at Morristown, New Jersey, December 18, 1912, and was sentenced to serve three and a half to seven years on each count in the New Jersey Penitentiary at Trenton, New Jersey.

Jacob and Morris Luban, arrested in Newark, New Jersey, on complaint of a bank member of that city, were released by Judge Martin in Part 1 of the Quarter Sessions Court in Newark on the motion of Prosecutor Mott. It is understood that because they gave evidence in the Rosenthal murder case in New York City this was taken into consideration by the New Jersey authorities, and the indictment of forgery dismissed. Journal, September, 1912, page 183.

Hyman Lyman, alias Himey Lyman, who defrauded a bank member at South Norwalk, Connecticut, by means of a forged check, upon being arraigned in the Superior Court at Bridgeport, Connecticut, was ordered returned to the custody of the Gerry Society, New York City. Upon his return to New York he was again placed on probation. At the time of his arrest he was on probation as a result of a conviction in the Juvenile Court in New York City. See Journals, November, 1912, page 315, and December, 1912, page 387.

Convicted on a charge of forgery preferred by a bank at Los Angeles, California, member of this Association and of the California Bankers' Association,

J. J. McGovern was sentenced to serve one year in the Penitentiary. Sentence was suspended and on December 20, 1912, he was placed on probation. See Journals, August, 1912, page 116, September, 1912, page 183, and November 1912 page 317.

Ralph R. Moore alias C. R. Moore, whose arrest is reported elsewhere in this issue, on December 9, 1912, was sentenced to serve an indeterminate term in the Mansfield, Ohio, Reformatory.

Because the bank member refused to prosecute, Robert Mowat, alias Gordon Johnson, whose arrest at Detroit, Michigan, is recorded elsewhere in this issue, he was released December 23, 1912.

D. H. Murphy, whose arrest is reported elsewhere in this issue, after a period of detention was found to be demented and was given in the custody of his father.

William Nance, whose arrest was reported on page 684 May, 1911, Journal, was discharged June, 1912.

F. M. Remix, who defrauded a bank member at Akron, Ohio, through the medium of forged and raised checks, was convicted and on December 6, 1912, was given a suspended sentence to the Mansfield, Ohio, Reformatory. An account of his arrest was published on page 696 of the May, 1912, Journal.

Q. A. Rockwell, whose arrest is reported elsewhere in this issue, was convicted of defrauding a bank member at Monmouth, Oregon, and sentenced to serve one to four years in the State Penitentiary.

Philip Ross, whose arrest was recorded in the Journal last month, on page 388, on complaint of a member bank at Norwalk, Connecticut, pleaded guilty in the Superior Court at Bridgeport, Connecticut, to the charge of uttering an altered check and was sentenced to serve one year in the Fairfield County Jail at Bridgeport.

T. B. Sawey, who operated under various names and defrauded a bank member in Jersey City, was returned to the New Jersey Reformatory for violating his parole. Journals, July, 1912, page 34, August, 1912, page 112, and September, 1912, page 184.

Michael Scotchlett and Tony Petrucci convicted of fraudulently securing money from a bank member at Crystal Lake, Illinois, on November 27, 1912, were sentenced to the Illinois State Reformatory. Andy Faticutchi, in connection with same swindle, was discharged on November 11, 1912. Romo Feroni and Paul Sadey are out on bail awaiting trial on a charge of being in collusion with the swindlers. John Strackimora is being sought on a charge of being implicated with the swindlers. Journal, December, 1912, page 388.

John Harris Thorpe, who defrauded a bank member at San Francisco, California, by overdrawing his account, after having been twice tried, was found not guilty by a jury on December 9, 1912. Journal, July, 1912, page 35.

Max Vogel, who operated against a bank member at San Diego, California, and was arrested at Fort Worth, Texas, on a local charge, was sentenced September 23, 1912, to serve two years in the Texas State Penitentiary. Journal, November, 1912, page 319.

AWAITING TRIAL EXTRADITION OR SENTENCE, JANUARY 1, 1913.

ALLEGED FORGERS, ETC.

Aggerbeck, Anton A., August 24, 1912, arrested; forgery Milwaukee, Wis.

Anderson, Harold, August 24, 1912, arrested; forgery Milwaukee, Wis.

Baker, Charles F., July, 1912, arrested; forgery Riverside, Cal.

Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.

Barbour, Charles, November 30, 1912, arrested; forgery St. Louis Mo.

- Bass, W. A., December 1, 1912, arrested; forgery Houston, Tex.
- Bechtel, John, Jr., May 16, 1912 arrested; forgery Salmon Idaho.
- Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.
- Berman, Leo, November 11, 1912, arrested; forgery New York City.
- Berry, J. F., January 25, 1912, arrested; swindle Kansas City, Mo.
- Bishop, W. H., November 23, 1912, arrested; forgery Chicago, Ill.
- Blasdell, C. C., July 11, 1911, arrested; swindle Perry, Okla.
- Breckenridge, J. C., September 6, 1912, arrested; swindle Kansas City Mo.
- Brenizer, D. I., November 11, 1912, arrested; swindle Narka, Kan.
- Breuen, Fritz, November 9, 1912, arrested; forgery San Francisco, Cal.
- Brokaw, Eug. C., April 6, 1912, re-arrested; swindle Chicago, Ill.
- Brinson, Asher, March 20, 1912, arrested; forgery New Bern, N. C.
- Brodesky, Irving, May 13, 1912, arrested; forgery New York City.
- Broughton, Otis, March 20, 1912, arrested; forgery New Bern, N. C.
- Burtis, Otto, December, 1912, arrested; swindle Bluffton, Ind.
- Bush, Tom, April 10, 1912, arrested; swindle Chauncey, Ga.
- Cann, Fred, June 17, 1912, arrested; forgery Carizozo, New Mexico.
- Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.
- Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.
- Cable, A. S., October, 1911, arrested; forgery Cairo, Ill.
- Clarke, Frank C., August 30, 1912, arrested; forgery San Francisco, Cal.
- Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.
- Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.
- Coles, W. C., October 21, 1912, arrested; forgery Shreveport, La.
- Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.
- Colston, Richard, December 13, 1911, arrested; swindle East Orange, N. J.
- Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.
- Deckard, O. W., September 16, 1911, arrested; swindle Meade, Kan.
- Deihl, Fred, March 25, 1912, arrested; forgery Kokomo, Ind.
- Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.
- Downing, Joe, July 13, 1912, arrested; swindle Rushville, Neb.
- Duff, Homer, August 9, 1912, arrested; swindle Huntington, W. Va.
- Edwards, P. S., October 1, 1912, arrested; swindle Parma, Idaho.
- Feroni, Romo, November 8, 1912, arrested; forgery Crystal Lake, Ill.
- Fitzgerald, Thomas J., December 4, 1912, arrested; swindle New York, N. Y.
- Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.
- Gaerter, William, November 27, 1912, arrested; forgery New York City.
- Gaffney, Tommy, October 2, 1912, arrested; forgery Parma, Idaho.
- Gay, John, March 27, 1912, arrested; forgery West Palm Beach, Fla.
- Gassner, Joseph, December 19, 1912, arrested; forgery New York N. Y.
- Gould, Harry, August 31, 1912, arrested; forgery New York, N. Y.
- Graham, Kenneth, November 7, 1912, arrested; forgery St. Louis, Mo.
- Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.
- Greenawalt, Charles G., December 24, 1912, arrested; forgery Clarion, Pa.
- Guthrie, Jacob Foy, July 8, 1912, arrested; forgery Chicago, Ill.
- Halken, Esther, May 28, 1912, arrested; forgery New York, N. Y.
- Halsey, A. H., December 9, 1912, arrested; swindle Portland, Me.
- Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.
- Hargett, Frank, March 27, 1912, arrested; forgery Charlotte, N. C.
- Herbert, Fred, October 30, 1912, arrested; forgery Rockford, Ill.
- Hilliards, Ollie, November 13, 1910, arrested; forgery West Newton, Pa.
- Hodes, Nicholas, November 11, 1912, arrested; forgery New York City.
- Horowitz, Mortimer, July 27, 1912, arrested; forgery New York, N. Y.
- Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
- Hudson, John E., November 19, 1912, arrested; swindle Beeville, Tex.
- Hughes, Lee, June 2, 1912, arrested; swindle Pryor Creek, Okla.
- Irvin, W. T., November 18, 1912, arrested; forgery Oakdale, Pa.
- Kasper, Frederick, November 6, 1912, arrested; forgery St. Louis, Mo.
- Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
- Klein, E., January 12, 1912, arrested; forgery Scranton, Pa.
- Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.
- Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.
- Knowles, T. L., February 29, 1912, arrested; forgery Phoenix, Ariz.
- Kutzkey, Albert M., August 23, 1911, arrested; forgery St. Johns, Ore.
- Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.
- League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.
- Lindsay, Ira J., December 9, 1912, arrested; swindle St. Louis, Mo.
- Livingston, Myron A., December 13, 1912, arrested; forgery New York, N. Y.
- Loper, LeGrande, May 15, 1912, arrested; forgery East Hampton, N. Y.
- McBrine, William R., November, 1912, arrested; forgery Guthrie, Okla.
- McCants, E. L., November 26, 1912, arrested; swindle River Junction, Fla.
- Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
- Meeker, Chas. M., February 6, 1912, arrested; swindle Kansas City, Mo.
- Mercer, Elwood A., November 30, 1912, arrested; forgery St. Louis, Mo.
- Mercer, Kathryn, November 30, 1912, arrested; forgery St. Louis, Mo.
- Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.
- Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.
- Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.
- Mott, J. L., November 8, 1912, arrested; forgery New Orleans La.
- Muratore, Mechele, August 26, 1912, arrested; forgery Syracuse, N. Y.
- Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.
- Newman, Ira, May 17, 1912, arrested; forgery Cairo Ill.
- Parker, Chas., April 8, 1912, arrested; forgery Los Angeles, Cal.

Parks, Homer, August 27, 1912, arrested; forgery Charleston, W. Va.
 Parnell, Walter, October 24, 1911, arrested; forgery Point Pleasant, N. J.
 Peoples, R. L., August 12, 1910, arrested; swindle Birmingham, Ala.
 Perris, Dominic, September 18, 1912, arrested; attempted swindle, Syracuse, N. Y.
 Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.
 Perry, Robert G., May 24, 1912, arrested; swindle Chicago Ill.
 Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.
 Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.
 Rolleyson, Frank, July 30, 1912, arrested; forgery Huntington, W. Va.
 Romero, C. D., December 14, 1912, re-arrested; forgery Springfield Utah.
 Roper, Julius E., November 4, 1912, arrested; forgery Waldo, Ark.
 Sadey, Paul, November 8, 1912, arrested; forgery Crystal Lake, Ill.
 Salyards, Emery, October 13, 1912, arrested; forgery Tacoma, Wash.
 Schantz, Orin E., November 29, 1912, arrested; swindle, Eldorado, Ill.
 Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Colo.
 Shaffer, Harry E., July 18, 1912, arrested; forgery Berkeley, Cal.
 Sharp, Charles W., October 25, 1912, arrested; forgery Pittsburgh, Pa.
 Shivers, Vernon F., December 21, 1911; arrested; forgery Lake Providence, La.
 Smedley, W. E., September 15, 1912, arrested; forgery Des Moines, Ia.
 Smith, Adolph, December 11, 1912, arrested; forgery New York, N. Y.
 Smith, Frank C., September 7, 1912, arrested; forgery Sacramento, Cal.
 Snodgrass, Earl, October 26, 1912, arrested; forgery Spencer, W. Va.
 Spangle, A., July 25, 1912, arrested; swindle Nowata, Okla.

Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.
 Switzer, Claude, April 23, 1912, arrested; forgery Los Angeles, Cal.
 Thompson, Ernest, August 26, 1912, arrested; forgery Springfield, Mo.
 Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.
 Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.
 Veverka, Charles, November 27, 1912, arrested; forgery Pittsburgh, Pa.
 Videla, Albert, December 2, 1912, arrested; forgery New Orleans, La.
 Walsh, John C., July 8, 1910, arrested; swindle Brooklyn N. Y.
 Warren, Carlton, April 19, 1912, arrested; swindle Chauncey, Ga.
 Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.
 Watkins, C. W., December 12, 1912, arrested; swindle Monroe, La.
 Wehner, F., October 24, 1911, arrested; swindle Ridgefield Park, N. J.
 Well, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.
 West, Henry, May 19, 1911, arrested; forgery Yuma Ariz.
 Wiggins, S. A., Jr., July 25, 1912, arrested; forgery, Chicago Ill.
 Williams, James, December 23, 1912, arrested; swindle Corona, Cal.
 Willis, Karl J., July 4, 1912, arrested; swindle Anaheim, Cal.

BURGLARS.

Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.
 Hollingsworth, George, October 2, 1912, arrested; burglary Vera, Okla.
 Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.
 Murphy, W. B., October 9, 1912, arrested; burglary Register, Ga.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

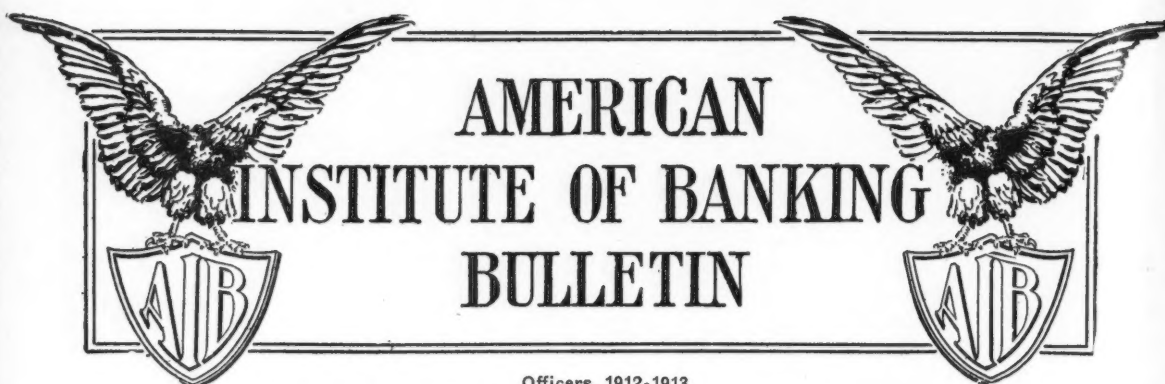
AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1912, to December 31, 1912.

New York, N. Y., January 1, 1913.

Persons arrested, discharged, convicted, sentenced, awaiting trial, etc.

	Awaiting trial, etc. September 1, 1912	Arrests from September 1, 1912, to Nov. 30, 1912.	Arrests in December, 1912.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers	122	72	31	103	69	23	3	2	128
Burglars	1	4	..	4	1	..	..	..	4
Hold-up robbers	2	..	..	..	2	..	..	..	..
	125	76	31	107	72	23	3	2	132



Officers, 1912-1913.

CHAIRMAN EXECUTIVE COUNCIL:

F. A. CRANDALL, Vice-President National City Bank,
Chicago, Ill.

PRESIDENT:

BYRON W. MOSER, St. Louis Union Trust Co., St. Louis.

VICE-PRESIDENT:

H. V. HAYNES, Riggs National Bank, Washington, D. C.

SECRETARY:

H. S. SMALE, Continental and Commercial National Bank,
Chicago, Ill.

TREASURER:

I. L. BOURGEOIS, Hibernia Bk. & Trust Co., New Orleans.

EDUCATIONAL DIRECTOR:

GEORGE E. ALLEN, 5 Nassau Street, New York City.

ADVANCED STUDY.

Report of the Institute Committee on Post-Graduate Education.

THE American Institute of Banking has now been in existence twelve years. After much experimenting the Institute has adopted a standard course of study covering the theory and practice of banking and such principles of economics and law as pertain to the banking business. The work thus arranged not only furnishes fundamental knowledge needed by all bankers but also serves as an introduction and impetus to more extensive research. The Institute has today several hundred graduates—men who have shown their earnest desire to succeed by sacrificing a considerable part of their leisure time in the study of their chosen profession. Once the fire of ambition has been kindled it is practically unquenchable and nearly all these men—realizing the vastness of the field before them—desire to continue their studies.

Advanced Study.

The Institute—the only systematic educational factor in the American banking world—was naturally called upon to assist and direct the efforts of the graduates. After much discussion and careful study the course outlined in this report was adopted. It will be observed that it consists largely of a study of this country's banking history. The intention is to have the student obtain a complete knowledge of the banking measures that have been tried in this and other countries—their effects on banking and the country in general and the reasons for their development or rejection. Having mastered this course the student will be prepared to take up the study and solution of present day problems—that being the main object of the Post-Graduate Course.

As in every other science—the student of finance must eventually become the teacher. If progress is to be maintained he must master all that is taught

by the past and then add his contribution of original thought to the common fund of knowledge. The question here arises, "To what subject shall the graduates direct their attention?"

The financial structure of the United States will soon undergo great changes. The methods of fifty years ago no longer fulfill the requirements of trade and radical alterations must be made. Here we have a field of unlimited possibilities. It is not only our opportunity but also our duty to assist in the reconstruction of our banking system. Having mastered the problems of the past let us then turn to those of the present and future.

Plan Suggested.

It is impossible to devise a plan that would meet the varied requirements of the different chapters. The plan outlined below is therefore MERELY SUGGESTED. While uniformity in the educational work of the Institute is to be desired and generally the measures that succeed in one chapter may safely be adopted by another, the Committee desires to leave each chapter free to adopt the plan that seems best fitted to meet local conditions. The co-operative method of study has proven in the past to be the most effective. In all chapters where the membership is sufficiently large, this method should be adopted. A "Forum" should be organized of which the graduates will be the charter members. These MAY (not compulsory) then elect other institute members to membership in the Forum. In this manner, bank officers and other senior bank men whose practical experience has duly qualified them, may become members. While no rigid rules as to membership can be prescribed and the spirit of democracy must prevail in the election of members, it is to be understood that the Forum is an organization of seniors and the high standard of membership requires certain attainments. The meetings of the Forum should be held apart from the regular chapter meetings so that there would be no interference.

Forum Work.

The work of the Forum is controlled by two committees—the Study Committee and the General or Forum Committee.

1. The Study Committee has charge of the work pertaining to the Course outlined herein. An excellent plan is to have this committee assign certain parts of a section to each member for special investigation. At the next meeting, this member is expected to lead the discussion of the topic assigned him. Greater progress can be made this way than if each member endeavored to investigate the entire section. The object is to obtain intensive study and exhaustive investigation. Disputed points should be referred to some member or members, who should obtain all information possible and submit it to the Forum. The Study Committee should also see that the necessary reference books are obtainable. As a rule, the local libraries will be found willing to cooperate in this work by obtaining a number of copies of each reference book. It must not be inferred, however, that the complete set mentioned in the Outline of the Course is absolutely necessary. Professor Charles A. Green, who arranged the course, states: "The student who wishes to make a general study, covering the principal points, may find sufficient material in such a volume as Conant's 'History of Modern Banks of Issue.' He who wishes to follow out the details of the outline in any particular will find it necessary to supplement the general reading with a more intensive examination of specific sections of special volumes." Nor should a chapter deem itself confined to the study of these books. Research, one of the main objects of this course—is often most bountifully rewarded by discoveries in the most unexpected quarters. Histories published by various banks, congressional records and even bank ledgers, frequently contain historical facts of general interest. The course is subdivided so that each section will be found to contain ample material for one evening's discussion. If a chapter finds it cannot cover THOROUGHLY the entire course this season, it will be advisable to only cover a part rather than rush through the course. A thorough understanding of the basic principles of American banking is the desired goal—not the "completion" of the course.

2. The General or Forum Committee will have general charge of the meetings; arrange symposiums on practical banking subjects, follow banking legislation, etc. It is intended that the Forum become a clearing house of ideas where the senior members of the banking profession can exchange their views. In every city there is a need of an organization where advertising, banking legislation, exchange charges, check and voucher forms, credit information, and other local problems can be studied and perhaps solved. If the membership of the Forum is kept on a sufficiently high plane the resolutions of such a body will command respect and lead to beneficial results. The meetings of the Forum should consist of—first, a discussion of the Study Course and second—a discussion of local subjects. The meetings will generally occupy two hours' time. If an interesting

discussion develops it will of course be advisable to prolong the meetings. Care must be taken, however, to limit discussions that develop into a dialogue or debate between two members and are apt to be boring to the others. Such discussions can be conveniently closed by the chairman assigning some member to specially investigate the disputed point and report at the next meeting, when the question can be settled by a vote.

Individual Students.

The Post-Graduate Course can be studied, however, by individuals without the assistance of a "Forum." In many locations the organization of a Forum may not be practicable, and in these the student can perform the work alone. His progress will necessarily be slower, as considerable time will be spent in the work of investigating special subjects which, in the Forum, can be distributed amongst several men. However, the lesson that is learned by personal research is thoroughly absorbed and the greater efforts of the individual student will be rewarded by greater results.

Post-Graduate Standard.

The system of post-graduate study adopted at the Salt Lake City convention of the Institute embodied the following provisions:

(a) That a system of Post-Graduate education be established to supplement the present course.

(b) That such course shall consist of research in banking, finance, business administration and accounting.

(c) That a suitable standard shall be fixed and maintained through the preparation of essays on subjects prescribed annually by a committee of graduates, such subjects to be of a character to encourage the expression of original thought on the part of the student.

(d) The merits of the essays, thus submitted, shall be determined by a committee of three or more judges, selected by the Institute Executive Council from prominent bankers and educators.

(e) Authors of essays approved under such provisions shall be known as "ASSOCIATES OF THE AMERICAN INSTITUTE OF BANKING."

(f) The number of "Associates" chosen in any one year shall be dependent upon the number of essays approved by the judges, but all men so chosen MUST be holders of the Institute Certificate.

The title of "Associates of the Institute" may be changed, but the standard of requirements and the method of its attainment may be regarded as fixed.

Reference Books and Syllabus.

The Institute Post-Graduate Course consists of a number of reference books and a syllabus of suggestions as to what of such books or parts thereof should be read for information on the subject of banking and currency principles in the United States and other countries. There are no examinations except the preparation of theses hereinbefore described. The reference books and syllabus constituting the Post-Graduate Course are as follows:

REFERENCE BOOKS.

- Adams, Henry C.—The Science of Finance.
 Bolles, Albert S.—The Financial History of the United States, 3 vols.
 Breckenridge, R. M.—The History of Banking in Canada—Senate Document 332.
 Bullock, Charles J.—The Monetary History of the United States.
 Cannon, J. G.—Clearing House Methods and Practices—Senate Document 491.
 Catterall—The History of the Second United States Bank.
 Conant, Charles A.—A History of Modern Banks of Issue.
 Courtois, Alphonse, fils—Histoire des Banques en France.
 Davis, Andrew F.—The Origin of the National Banking System—Senate Document 582.
 Dewey, Davis R.—The Financial History of the United States.
 Dunbar, Charles F.—The Theory and History of Banking.
 Fiske, John—The Critical Period of American History.
 Gilbert, J. W.—The History, Principles and Practice of Banking, 2 vols.
 Hart, A. Bushnell—Formation of the Union.
 Holdsworth and Dewey—The First and Second Banks of the United States—Senate Document 571.
 Johnson, Joseph F.—The Canadian Banking System—Senate Document 583.
 Kinley, David—The Independent Treasury System of the United States—Senate Document 587.
 Liesse, André—Evolution of Credit and Banks in France—Senate Document 522.
 MacLeod, Henry D.—The Theory and Practice of Banking.
 The National Reserve Association Act—Government Printing Office.
 Noyes, A. D.—History of National Bank Currency—Senate Document 572.
 Philippovich, Engen—History of the Bank of England—Senate Document 591.
 The Reichsbank, 1876-1900—Senate Document 408.
 Riesser, J.—The Great German Banks—Economic Development of Germany—Senate Document 593.
 Root—New England Bank Currency, vol. 11.
 Schouler—History of the United States, 6 vols.
 Sprague, O. M. W.—History of Crises Under the National Banking System—Senate Document 538.
 Sumner, William G.—The Financier and Finances of the American Revolution, 2 vols.
 Weeden, William B.—Economic and Social History of New England, 2 vols.
 White, Horace—Money and Banking.
 Wilson, Woodrow—Division and Reunion.
 Withers, Palgrave—The English Banking System—Senate Document 492.
 The publications of the National Monetary Commission are indicated as numbered Senate Documents:

SECTION I.

1. The Science of Finance—(a) Public finance, private finance, points of view. (b) Banking systems and their relations to the political and social structure as in the United States, Germany and France.
2. Money and Banking in the United States Prior to the Constitution—(a) Projection for a Land Bank in New England, 1714; Motive, capital security, notes, voting power, loans, criticism. (b) Merchants' bills, provincial bills. (c) Land Bank or Manufactory of Mass., 1714; Character of projectors, absence of charter, notes, security, position of Colonial government with respect to it, the anti-bubble act and its effect. (d) Colonial paper money in general prior to the Revolutionary War.
3. The State of the Country During the Revolutionary War—(a) Position of industry. (b) Financial needs and measures, continental issues, government loans, government finance.
4. The Critical Period of the United States History—(a) Lack of capital, confusion in specie. (b) The United States Department of Finance—Robert Morris. (c) The Bank of Pennsylvania: Organization. (d) The Bank of North America, 1781: Organization, capital, notes, relation to Federal Government. (e) Confusion of government finance from 1784; lack of government power.

5. The Beginning of the United States Under the Constitution—(a) Financial powers of the national government. (b) Conditions of finance, national and state. (c) Resources of the country, population, industry. (d) Financial needs of the new government.

6. Alexander Hamilton's Plans for Establishing the Credit of the United States—(a) The tariff. (b) The internal revenue. (c) Funding the national debt. (d) Funding state debts. (e) The establishment of a national bank.
References—Adams—Science of Finance, pp. 26 to 53. Bolles—Financial History of United States, Vol. 1, pp. 21, 117, 267. Bullock—The Monetary History of the United States. Conant—History of Modern Banks of Issue, Chap. XIII. Fiske—The Critical Period of American History, Chap. IV. Hart—The Formation of the Union. Schouler—History of the United States, Vol. I. Sumner—Finances of the American Revolution, Vol. II. Weeden—Economic and Social History of New England, p. 487. White—Money and Banking, Book 1, Chaps. II, III; Book 2, Chap. III.

SECTION II.

1. The First Bank of the United States—(a) The inception of the idea, precedents. (b) Hamilton's statement of the advantages of such a bank. (c) Opposition; Constitutional, political, financial. (d) Condition of banking in the country. (e) The passage of the act; provisions for organization, shareholding, capital, issue, security. The place of government, prohibitions, powers. (f) How the government secured stock, business for and with government.
2. Political Opposition to the First Bank.
3. The Advantages of the Bank to the Government as Pointed Out by Albert Gallatin.
4. The Application for Re-Charter: Arguments Political and Financial.
5. Results of the Fall of the First United States Bank.
References—Bolles—Financial History of the United States, Vol. II, p. 127. Conant—History of Modern Banks of Issue, Chap. XIII. Dewey—Financial History of the United States. Hart—Formation of the Union. Holdsworth and Dewey—First and Second Banks of the United States. Senate Document No. 571 (Pub. National Monetary Commission). Schouler—History of the United States, Vol. I, pp. 22, 130, 158. White—Money and Banking, Book II, Chap. IV.

SECTION III.

1. Banking in the United States, 1811-1816—(a) The War of 1812, the withdrawal of specie. (b) The rise of State banks, bank notes, depreciation, suspension specie payments. (c) The attitude of the Treasury towards the prevailing currency. (d) Suggestions for a second United States bank, objections, financial, political, arguments.
2. The Second United States Bank—(a) Charter, capital, shares, directors, relation to government, deposits, issue. (b) Main purposes of the bank. (c) The state of the currency at the beginning of 1817, the attitude of stockholders of banks, position of debtors.
3. Resumption of Specie Payments: Circumstances Favoring Resumption as Peace; Congressional Action, and How the Bank Brought This About.
4. Mismanagement—(a) Improper payment of subscriptions, loans, dealings in stock. (b) Congressional investigation and the effect.
5. Uniformity of Currency: Equalization of Exchange.
References—Bolles—Financial History of United States, Vol. —, pp. 219, 294, 317. Catterall—History of Second United States Bank. Conant—History of Modern Banks of Issue, Chap. XIII. Hart—Formation of the Union. Holdsworth and Dewey—Senate Document 571 (Pub. National Monetary Commission). Schouler—History of the United States, Vol. II. White—Money and Banking, Book II, Chap. V.

SECTION IV.

1. The Downfall of the Second United States Bank—(a) The condition of politics; the attitude of public opinion: the influence of the West; rising democracy, 1828. (b) President Andrew Jackson; his attitude towards the bank; the attitude of State banks. (c) Congressional investigation.
2. The Bank War, A Political Struggle—(a) Attitude of Administration, 1830, 1831; Attitude of Henry Clay. (b) The 22d Congress (December, 1831): Its composition as to men and party power. (c) Why Henry Clay changed his attitude.

3. **The Development of this Struggle**—(a) Politics and the branch bank at Portsmouth, N. H. (b) President Biddle, of the Bank, power, personality, relations with the Treasury. (c) The condition of the Bank in 1831-32.

4. **The Recharter Bill, January, 1832**—(a) Arguments of leaders for and against the Bank. (b) Congressional Committee investigation; majority and minority reports. (c) Vote in Congress, President's veto.

5. **Re-election of Andrew Jackson**—(a) The President's interpretation of his re-election, message of 1832. (b) Withdrawal of government deposits. Jackson's justification of this policy. (c) Faults of management and their effect. (d) Charter of the Bank of Pa., its liquidation.

References—Bolles—Financial History of United States. Vol. II. Catterall—History of Second United States Bank. Conant—History of Modern Banks of Issue. Chap. XIII. Holdsworth and Dewey—Senate Document 571 (Pub. National Monetary Commission.). Schuler—History of the United States. Vols. II, IV. White—Money and Banking. Book II, Chaps. V, VI, VII. Wilson—Division and Reunion.

SECTION V.

1. **State Banks as Depositories**—(a) Precedents for such use, former results. (b) Politics and the choice of depositories.

2. **The "Pet Banks"**—(a) Their capital, security for government deposits, provisions for currency, issues, use of government deposits, rise of banks, increase in capital, deposits, discounts.

3. **The Decade 1830-1840**—Development of transportation facilities, increase of imports, rising prices, public land sales, increased paper money, the public debt, speculation, government surplus, depreciation.

4. **The Specie Circular**—(a) Its purpose, the effect on exchange, flooding of paper for redemption, result. (b) The attitude of the Van Buren Administration, suggestions for the objections to repeal of circular.

5. **The Divorce of Government and the Banks**—The hard money leaders and their ideas. The attitude of Congress.

References—Bolles—Financial History of the United States. Vol. II. Dewey—Financial History of the United States. Kinley—The Independent Treasury of the United States (Monetary Commission). Schuler—History of the United States. Vol. IV. Wilson—Division and Reunion.

SECTION VI.

1. **The New York State "Safety Fund" and "Free Banking" Plans**—What these plans represented, how they affected the National financial situation in 1840.

2. **The Independent Treasury**—(a) The plan: Congressional arguments for and against it; the position of public opinion, the passage of the Act.

3. **The Whig Administrations: Harrison and Tyler**—(a) Harrison's currency ideas; his death. Tyler's political record. The financial question paramount. (b) The comprehensive plan of Henry Clay: (1) Repeal Independent Treasury. (2) Establish new National bank. (3) Raise a loan. (4) Raise the tariff. (5) Divide surplus.

4. **The Development of This Plan**—(a) Repeal of Independent Treasury. (b) Arguments financial and political for and against a new national bank, differences between President Tyler and the Whigs regarding it, the result. (c) The balance of the plan.

5. **The Independent Treasury Act, 1846**—(a) Provisions, effect on banks, general advantages and defects. (b) The Mexican War and the Independent Treasury; specie payments transfers, note circulation. The state of industry, domestic and foreign influence of European affairs. (c) Amendments to Act in 1857. The place of the system during panic of 1857.

References—Bolles—Financial History of United States. Vol. II. Conant—History of Modern Banks of Issue. Chap. XIV. Kinley—The Independent Treasury of the United States. Schuler—History of the United States. Vols. IV, V. White—Money and Banking. Book II, Chaps. XI, XII.

SECTION VII.

1. **State Banking to the Civil War**—(a) Variety of banking; differing economic and political conditions. (b) The bases of note issued in vogue.

2. **New England Banking**—(a) The conditions of capital, note circulation, liability of stockholders, specie pay-

ments, examinations. (b) The Suffolk Bank System; What?

3. **New York Banking**—(a) Early state banks by special charters, political banks, Capital, liability, monopoly. (b) The Safety Fund System: Its good features, its central defect. (c) The Free Banking plan: Charters, note issues, backing. Defects and their remedies. Influence on other banking systems.

4. **The Western and Southern Banks**—(a) Ohio, Michigan. Its application of the safety funds system, defects. Illinois and Wisconsin. (b) Banks of the State in Kentucky, Alabama, Mississippi, Louisiana. (c) The bank of Alabama, an illustration: Capital, organization, government, issue, discounts, failure, result. (d) The Bank of Indiana, a good bank: Government, branches, capital, profits.

5. **The Good and Bad Features of State Banking to the Civil War**—A resume.

References—Conant—History of Modern Banks of Issue. Chapter XIV. Dewey and Craddock—State Banking Before Civil War—Senate Document 581. Root—New England Bank Currency. Vol. II. White—Money and Banking. Book II, Chaps. 8, 9, 10, 11, 12, 14.

SECTION VIII.

1. **The United States—The Decade 1850-1860**—Progress in domestic and international trade, expansion of transportation facilities; gold increase. Speculation; unsound methods; the panic of 1857; the rigidity of revenue laws; the effect of the withdrawal of southern states in 1860, 1861.

2. **Finance at the Opening of the Civil War**—(a) Notes of State banks the circulating medium, the independent Treasury, loans, interest, transfers. Revenue unsuited to large demands.

3. **Plans of the Secretary of the Treasury**—(a) Loans from banks, from the public, taxation. (b) The condition of the banks of the chief cities; alteration of the Independent Treasury Act; bank advances to the government; issuance of non-interest bearing treasury notes, objections; suspension of specie payments.

4. **Legal Tender Notes**—Their effect at home and abroad. Objections of bankers and their suggestions for financing the war and for handling paper issues if circulated.

5. **Taxation and Other Measures**—(a) The condition of industry to bear extra taxation. (b) Increase of tariff and internal taxes. (c) Railroad and public land grants. The effect of the lateness of all of these acts upon credit of the government, upon price of gold, upon industry.

6. **Loans Through Popular Subscription**—Failure of such plans to meet requirements.

References—Bolles—Financial History of United States. Vol. III, pp. 20, 43, 74, 130, 150. Conant—History of Modern Banks of Issue. Chap. XV. Kinley—The Independent Treasury of the United States. Schuler—History of the United States. Vols. V, VI. Wilson—Division and Reunion.

SECTION IX.

1. **The National Banking System**—Suggestions of Secretary Chase (1861), as to the benefits of a national bank circulation on bond security. Opposition of bankers. The bill of 1862, arguments for and against in Congress. The Act, its bases, its inauguration.

2. **The Resumption of Specie Payments**—Attitude of the Treasury; reasons for resumption; objections to resumption. The banks and resumption.

3. **National Bank Circulation**—Decline, increase, periods of each, reasons for each.

4. **Monetary Conditions Since the Civil War**—The increase in silver production and its effect. The Bland-Allison Act, stipulations, politics. The Sherman Act, what and why. Panic of 1893. Repeal purchase clause Sherman Act, Gold Standard, 1900.

5. **Looking Towards Financial Reforms**—(a) Expansion of industry; rising of state banks and trust companies; expansion of credit; increase of bank issue; formation of large corporation. The panic of 1907. (b) Suggestions for reform in banking. Bankers at Baltimore, 1894; Secretary Carlyle's plan in report to Congress. The Indianapolis Commission Report, 1897. The recommendation of the New York Chamber of Commerce for a central bank, objections. (c) The Aldrich-Vreeland Act, 1908: (1) Note issue, (2) Associations, (3) Capital, composition, powers, government of each association. (4) Elasticity, provisions for note redemption. (5) National Monetary Commission.

References—Bolles—Financial History of the United States. Vol. III, pp. 197, 263, 341. Cannon—Clearing House Methods and Practices—Senate Document 491. Conant—History of Modern Banks of Issue. Chap. XV. Davis—The Origin of the National Banking System—Senate Document 582. Dunbar—The Theory and History of Banking. Chap. IX. Noyes—History of National Bank Currency—Senate Document 572. Schouler—History of the United States. Vol. VI. Sprague—History of Crises Under National Banking System—Senate Document 538. White—Money and Banking. Book II, Chap. XIV. Wilson—Division and Reunion.

SECTION X.

1. **The Bank of England—English Finance in the Sixteenth and Seventeenth Centuries**—(a) The Royal Exchanger, duties, powers, deposits of merchants. (b) The goldsmiths, their relation to government and industry; as brokers and bankers; objections to them. (c) The goldsmiths and Charles II, the needs of government. (d) Conditions of government, 1688-89. War with France, needs of government.

2. **The Formation of the Bank of England**—(a) The motive, the Charter, its stipulations. (b) What it did for government. Objections of goldsmiths and Tory party results.

3. **Development of the Bank**—(a) Extension of privileges as to capital, issue, monopoly, etc., 1697, 1709, 1711. (b) The South Sea Co. (1720) rival, what it did, the results for the country and the bank. (c) The close of the 18th century; beginning of 19th century; industry, politics. International relations of the realm; growth of country banks; over-issue of paper money. Suspension of specie payments (1797), attitude of government. Trade and speculation (1807). Extension of Bank of England issue. Bullion Committee of Parliament, its report. Resumption of specie payments, Act 1819.

4. **Prosperity of 1825 to 1840**—(a) Trade and investment, South and Central America drain on bank reserves, expansion of issue, speculation. The country banks and their issue. (b) Extension of joint-stock and private banks by new law; change in stockholding liability; change in monopoly power Bank of England; establishment of branch banks, objections.

5. **Steps Leading to the Act of 1844 (Peel Act)**—Rise of London and Westminster Bank, its motive; objections Bank of England. Effect of financial crisis of 1837, 1839 in the United States and France. Development of the "Currency Principle" arguments as to the basis of circulation.

References—Conant—History of Modern Banks of Issue. Chap. IV. Dunbar—Theory and History of Banking. Chap. XI. Gilbert—History, Principles and Practice of Banking. Vol. I. MacLeod—Theory and Practice of Banking. Vol. I. Philippovich—History of the Bank of England—Senate Document 591.

SECTION XI.

1. **The Bank of England (Continued)—The Bank Act of 1844 (Peel Act)**—Its object, its machinery: (1) Division of departments; (2) note restriction; (3) monopoly of issue. Lloyd's and Peel's arguments for separation of departments. Method of issue.

2. **Reception of Peel Act**—(a) Criticism of department separation. (b) Objection of country banks to issue monopoly. (c) Condition of industry and sufficiency of banking facilities.

3. **Development of the Bank Under this Act**—(a) Suspension of the Act 1847, 1857, results. (b) Origin of raising discount rate, the effect.

4. **The Bank of England and Credit**—(a) The reserves of joint-stock banks. (b) Rediscouts.

5. **Expansion of Banking Privileges—Consolidation and Growth of Joint-Stock Banks**—(a) Changes in liability laws and bank investment. (b) Mergers of London banks and provincial banks. The importance of the large joint-stock banks.

6. **The Bank of England at Present**—(a) Arguments as to ability to sustain credit. (b) The fluctuating discount rate. (c) As the "Bank of Banks." (d) As the fiscal agent of the government. (e) As a private corporation: How managed, its directors, prosperity, profits, prestige, power.

References—Conant—History of Modern Banks of Issue. Chap. V. Dunbar—The Theory and History of Banking. Chap. XI. Gilbert—History, Principles and Practice of Banking. Vols. I, II. MacLeod—Theory and Prac-

tice of Banking. Vol. II. Philippovich—History of the Bank of England—Senate Document 591. Withers, Palgrave, etc.—The English Banking System—Senate Document 492.

SECTION XII.

1. **The Bank of France—The Beginnings of French Banking**—(a) John Law and a bank of the state, its issue, discount, connection with government. (b) The Mississippi Company (Company of the West), its importance in finance and commerce; the "Banque Royale" downfall of the company. (c) The Bank of Commercial Discount (1776), capital, note issue, relation to government, development.

2. **The French Revolution**—(a) State of government, needs of government, industry, paper money, depreciation. (b) Return of confidence. Rise of banks in Paris, by whom created, characteristics.

3. **The Bank of France (1800)**—(a) Similarity to other new banks. Napoleon Bonaparte's place in its formation; his conception of a bank. Its beginning, monopoly of issue, connection with government, branches, progress to downfall of Napoleon. (b) Effect of the return of the Bourbons to power upon general banking and upon the Bank of France. (c) Merger of independent banks with Bank of France, extension of branches under Napoleon III. Public discount offices.

4. **The Bank of France and Its Branches**—(a) Assignment of capital, supervision, discount rates, government of branches, character of paper discounted. (b) Independent banking, its development and importance.

5. **The Bank of France at Present**—Power of issue and how regulated, loans to government, interest, rediscouts, profit-sharing with government, its assets and liabilities; its relation to bank reserves; how it regulates money supply; how it is governed; the place and power of shareholders; why it fits the needs of France.

References—Conant—History of Modern Banks of Issue. Chap. III. Courtois—Histoire des Banques en France. Dunbar—The Theory and History of Banking. Chap. IX. Llesse—Evolution of Credit and Banks in France—Senate Document 522. MacLeod—The Theory and Practice of Banking. Vol. II.

SECTION XIII.

1. **Imperial Bank of Germany—The Bank of Prussia**—(a) Foundation and character; development, and admission of private shareholders, administration. (b) Interest to government, to shareholders, division of excess profit; deposits, loaning powers, issue and its backing. (c) Banks in other German States, their characteristics and their inter-relations.

2. **Banking and Currency at the Formation of the German Empire (1871)**—(a) Diversity of currency, capital, issues, reserves. (b) Uniform coinage law, gold standard act, provision for imperial issue, its apportionment, systematizing banks of issue.

3. **Formation of the Imperial Bank**—(a) From the Bank of Prussia; compensation to Prussia, initial capital, its sources. Control, how? The bank the fiscal agent of government. (b) Issue assigned to Imperial Bank and independent banks; circulation, how secured; elasticity, how provided, reserves, the character. (c) The redemption of notes by Imperial Bank, by the independent banks. Branches of the Imperial Bank, their government and importance.

4. **The Imperial Bank and Joint-Stock Banks**—(a) Inter-relations: Reserves, rediscouts, importance of joint-stock banks, their character. (b) Specie store of Imperial Bank, added importance in public mind, why?

5. **The Imperial Bank at Present**—Regulations regarding capital, assignment of profits. Its system of transfers of deposits to current accounts, of what service? Character of rediscouts. Its government.

References—Conant—History of Modern Banks of Issue. Chap. VIII. Dunbar—The Theory and History of Banking. Chap. XII. The Reichsbank, 1876-1906—Senate Document 408. Riesser—Great German Banks and Economic Development of Germany—Senate Document 593.

SECTION XIV.

1. **The Banking System of Scotland—The Bank of Scotland and Others**—(a) Motive of Bank of Scotland (1695), organization, competition, origin of interest on notes of failed banks. (b) Royal Bank of Scotland (1727). The

origin of cash credits. The British Linen Co., the Ayr Bank. (c) The beginning of branch banks; the application of the Peel Act of 1844. (d) Failures: Western Bank, City Bank of Glasgow, reasons for. Results upon banking.

2. **Base of Success**—(a) Elasticity: Issue of small notes, daily note exchange. Business developed by small notes, how? (b) Capital utilized: Interest payments, branches, excess of capital one section to another. (c) Cash credits: What? Their operation and the service rendered.

3. **The Canadian Banking System**—The Bank of Montreal (1817); the Bank of Quebec and the Bank of Canada (1821)—Formation: Length of charters, capital, directors, shareholders, issues, liability, loans, branches and note exchange.

4. **Bank of Upper Canada (1821)**—Monopoly of issue, government subscription. Other banks of upper Canada, special and uniform charters. Joint-stock banks, politics, speculation. Union of Upper and Lower Canada (1841).

5. **The Central Bank and Bond Secured Circulation Ideas**—(a) Objections to central bank. (b) Adoption of "free banking" plan, not continued, why? (c) Bank legislation between 1870-1880.

6. **Canadian Banking System at Present**—(a) Act of 1890. Notes as liens, bank circulation, redemption fund, notes of failed banks. (b) Elasticity, uniformity of circulation, examination reserves; few banks, large capital and many branches.

TRANSIT PROBLEMS.

By Craig B. Hazlewood of the Union Trust Company of Chicago—Address Before Baltimore Chapter of the American Institute of Banking.

TRANSIT items are checks or drafts drawn on banks located out of town. It is the business of the transit department to collect these outside items, and until they are collected or lodged at some correspondent bank they do not count as a part of the bank's resources. A city bank of deposits averaging about \$5,000,000 will have outstanding in the process of collection, from \$250,000 to \$300,000 of such items all the time. The object of the transit department is to collect these out-of-town items as cheaply, as safely and at the same time as quickly as possible. The cost of collecting these items not only includes the running expenses of the department, but also the exchange charged by country banks. The transit department cannot be profit-producing unless the exchange received from customers is greater than that paid out to correspondents after the running expenses of the department have been added. Careful and constant watching is necessary to keep down this cost of collection. This is where an experienced transit man can earn his salary. The transit manager must not only look after the bank's interests in keeping down expenses, but must also safeguard the customers' interests by using strong and reliable banks as collection agents, by keeping after delayed remittances and by maintaining proper records. The very fact that the bank acts only as an agent for its customers in collecting their deposits will cause the bank to feel the responsibility of a careful selection of correspondents. Proper record of the endorsements, payees and amounts of items is also necessary so that duplicates can easily be secured of lost items.

One of the things that should be insisted upon is the direct collection of items. In fairness to the bank's customers, every item deposited should be

sent as near to its place of origin as possible. Delay arising from round-about routing should be minimized, and, in fact, it is a question whether or not a city bank would be liable in case a check was returned unpaid after floating around the country from bank to bank for an unreasonable length of time. It is generally agreed by good transit men that there should be no more than three bank endorsements on any item and it is preferable to have but two or one. Ordinarily a city bank will collect two or three of the neighboring states direct, that is, send the items to the points of origin. For the territory farther away it is customary to send the items to collecting banks in other reserve cities where balances are maintained for this purpose.

The transit department receives items from two sources, through the mail in cash letters from bank correspondents and over the counter from city customers. All outside items are charged to the transit department, listed and then sorted by states or territories. The sorting is done according to definite instructions resulting from arrangements made with other banks for the handling of the business. There may be one or more clerks, depending upon the size of the bank, to make up the cash letters containing these country items. In the larger banks it is customary to have the stuff divided into registers, so-called, each register having a certain number of accounts or a certain number of states. Each man balances up his own work against the total handed to him by the sorter.

One simple method of division for a small bank is to have two registers, one for items sent for credit, that is, to correspondents; and the other for items sent for daily remittance, that is, to non-correspondents.

Exchange Charges.

Let us analyze for a moment this matter of exchange charges on country checks. It operates like this: Supposing a man in Charleston, we will say, buys a bill of goods from a jobber in Baltimore and sends the Baltimore house his check on a Charleston bank for the net amount of the bill. The Baltimore jobber deposits this check to his own credit with a Baltimore bank who charges him exchange therefor, of, say, \$1 per thousand. The Baltimore bank then sends the item to its Charleston correspondent who remits for it less \$1 per thousand, if that is the regular charge. In this case the Baltimore jobber has paid a tax on the transaction, that is, the exchange charge, and has not, therefore, received the full amount due him. It is possible that the Baltimore jobber is a very good customer of his bank and in that case the Baltimore bank might choose to accept the check from him without exchange charge, though they themselves will have to absorb it. In this case the bank has paid a tax on the transaction with which, in fact, they have had nothing to do. It can be seen from this that the country merchant has transmitted the funds in a form worth something less than their face value, which you will agree is not fair to either the Baltimore house or the Baltimore bank. As a matter of strict equity, a local merchant should do one of two things, either go to his home bank to purchase a draft for the amount, which is re-

ceived at par through Baltimore, or send his check on his home bank plus the exchange.

The theory of exchange is that it is supposed to represent the shipping rate of currency. The use of a banker's facilities represented by the cashing of personal checks or the sale of a banker's draft in order to transfer funds from one party to another located in different cities, is worth something. Without these facilities it would be necessary for anyone making a payment in another city to send the actual currency from one place to the other. Working on this theory, it will be agreed that a bank is entitled to exchange charges, or, in other words, exchange is justifiable.

We have said that exchange charges are theoretically determined by the shipping rate of currency. As a matter of actual fact, they are determined by competition. In a one-bank town the exchange charge is likely to be larger than in a town of two or three banks unless there is an agreement in force as to a common charge. An examination of the actual charges made by country banks shows a great many illogical conditions. You will frequently find that in the same county there is one bank remitting for items at \$1 per thousand, another in another town at ten cents per letter and still another, perhaps, at par. Probably the shipping rate for currency will be about the same for all the banks in that locality.

The only alternatives for a city bank to adopt in cases where exchange charges are unreasonable are either not to accept checks drawn on the town or bank in question or to collect them through the express companies. Neither one of these alternatives is satisfactory from the standpoint of service. You have probably all heard about cases of exorbitant exchange charges made by country banks who, perhaps, have no competition and will charge all the trade can bear. Probably the most satisfactory solution of the exchange problem comes through co-operation of banks in clearing houses. Clearing house rules regarding exchange charges for country items, if lived up to, help the member banks and also their customers. If all the banks in Baltimore, for instance, would adopt clearing house rules regarding the exchange on country items, you would find that the accounts of city customers would be received on a more profitable basis; and you would also find that your city customers would see to it that remittances were made to them from the country either in funds par in Baltimore or with the exchange added. If the country merchants, for example, were compelled either to buy drafts or remit plus exchange the charge or tax would rest where it belongs. Right there is the nub of this whole exchange problem. The man who makes the check should pay the exchange, if there is any, and not the customer that receives it or the bank that collects it. Our experience in Chicago has been that our big jobbers and manufacturers have either insisted on Chicago or New York drafts or else have allowed for the exchange when billing their customers.

In some cities the co-operative or clearing house idea is carried further. In Boston and Kansas City, for example, clearing houses are collecting the items on their territories through the clearing house. That is to say, all the banks in Boston, for instance, hand

over and receive credit from the clearing house every day for their items on almost every town in New England, and one letter is sent out from this city to banks in each country town. This method saves labor and postage and also enables the city banks to obtain a low exchange cost for collection. Under this plan it is understood that if any city bank prefers to send its items direct to a town, by reason of having a correspondent there, it is at liberty to do so and thus voluntary action is maintained.

Some kind of co-operation is needful in order to properly regulate and control this matter of exchange charges. Old transit men tell us that the cost of collecting country items is becoming larger year by year, and country banks are forcing the city correspondents under stress of competition to more and more liberal terms. It is probably true that city banks are doing too much for their country correspondents in a great many cases and a very close analysis is necessary to determine that a reasonable profit is made on every account.

Bank Relations.

As we have previously stated, the object of the transit department is to collect out-of-town items as cheaply, as safely and as quickly as possible. The officer in charge of bank relations in a city bank is not only supposed to see to it that these objects are accomplished but he can also increase his own bank's deposits if he will use his transit items as a lever for getting country bank balances. A country bank is glad to get items on their own town from city banks for two principal reasons: first, they can charge a profitable exchange on them and, second, it helps to maintain a credit balance in their settlement with competing banks. If a country bank has a volume of items drawn on their neighbor banks larger than their neighbor banks have on them, they will, of course, have a credit balance and they are in a position to dictate to the other banks how this credit balance shall be paid, whether by draft or in actual currency. It costs money to ship in currency, and on the other hand, the ruling rates of exchange may be such that it is more desirable to have currency than a draft on New York or other reserve city. Because of these two advantages, country banks as a rule are desirous of receiving items on their own town, and, as stated, a city bank can use this fact to advantage if they have the business to send. It should be worth while for every city bank to keep an analysis of their total sendings on every important town in their territory, together with exchange cost, so that they can know whether or not they are entitled to a balance. You will find that the opinion is generally held among transit men and city bankers that the cheapest way to collect items for themselves is with a comprehensive balance; that is to say, it would probably be cheaper for a bank in Baltimore, for instance, to collect all their western items through Chicago by maintaining a balance there and having the items credited at par, than to pay exchange for daily remittance without a balance. The reason for this condition is a human one. A balance looks attractive to a city bank and increases its totals.

Considering further this line of thought, we find that banks in reserve cities frequently maintain reciprocating balances; that is, a bank in Balti-

more will keep an account in Chicago, collecting western business through their correspondent there, and the same bank in Chicago will maintain an account with the Baltimore institution, using the latter's services for the collection of their southern items. On the face of things, it would appear that the deposits of both institutions did not show a real increase, assuming for the sake of argument that the balances carried were of about the same amount. The arrangement is perfectly legitimate, however, and the deposits should be counted as reserve for both banks, if there is a basis of service at each end; otherwise not.

Country bank business, generally speaking, is usually not as profitable as city business. Country banks are asking for more and more and the competition between banks in the same city and between different cities is very keen. No country bank's account is worth anything to a city bank unless it is a profitable one, even though the deposits of the city bank may be swelled by the balance carried. Every city bank should see to it that every country bank account is carried on a profitable basis, and I have yet to hear of a case where a country banker would not listen to argument or reason if a careful and scientific analysis of his account showed it to be losing money. A scientific profit and loss analysis is necessary and desirable for every city bank handling out-of-town accounts. A city bank with such an analysis department that gives its customers painstaking, careful service and that attends to the special demands of its country banker friends, as well as paying their drafts and receiving their deposits, should be able to increase its bank's business in a natural, satisfactory way and should show a reasonable profit when the figures are cast up.

TREE CULTURE.

By Judge Moya Wicks of Spokane—Address Before Spokane Chapter of the American Institute of Banking.

THE history of civilization has been a record of increasing deserts. Trees have disappeared before the advance of man, like the buffalo. It is axiomatic with scientists that no country was originally desert, but that all deserts have been man-made. The tree growth in Eastern and Central Asia and Northern Africa, the birthplaces of the human family, so soon fell before teeming populations that those countries were already on the way to become deserts before systematic agriculture was known in any part of Europe.

When Zenobia was overthrown by the Romans under Aurelian, Palmyra was the metropolis of a mighty empire, but now the shifting sands of Sahara almost hide the ruins of that stupendous city of marble and gold.

As late as the rise of Mohammedanism, in the seventh century of the Christian era, the country of Tripoli, on the North African coast, had a population of 6,000,000 souls and was clothed with vineyards, orchards and forests. It is now bare of vegetation, the streams dried up and the population re-

duced to 45,000 people. The heat is so intense that the little labor there is done after the setting of the sun.

All this is due to the reckless ravages upon tree growth. The hatred of a Turk for a tree is proverbial: Wherever the crescent of Mohammed achieved victory the Moslems destroyed the trees with nearly as much zeal as they displayed in slaying the unbelievers in the inspiration of the "Camel Driver of Mecca."

Champollion, the famous Egyptologist, says of the Sahara desert of Northern Africa: "And so the astonishing fact dawns upon us that this desert was once a region of groves and fountains and the abode of happy millions. Does any crime against nature draw down a more dreadful curse than that of stripping mother earth of her sylvan covering? The hand of man has produced this desert, and, as I verily believe, every desert on the face of the earth."

In similar vein Baron Alexander Von Humboldt says: "Man by his own recklessness brings upon himself a scarcity of wood and, resultingly, a lack of water." The famous Dr. Schleiman writes from Salonica: "As a fellow Unitarian, I feel sorry for the Turks, but as a respecter of God's physical laws, I must own that they deserve their fate. Men who for twenty generations have shown themselves tree-destroyers on principle, have no right to complain if the world rise against them."

The student of natural science, adopts these words of the distinguished explorer of the ruins of Troy, albeit with fear that, when weighed in the balance, our Caucasian race might prove, in this respect, equally remiss with the "turbaned and most malignant Turk."

Spain, Portugal, Southern Italy, Greece and many portions of both Americas are eloquent illustrations of such vandalism. Spain contains in many of its provinces only 10 per cent. of its former population, for even in the time of Vespasian it had, according to Pliny, 360 large cities. Greece now supports only 5 per cent. of the people it contained when it produced sculptors, poets, orators, philosophers, statesmen and soldiers whom the boasted progress of modern times has not surpassed. Indeed, all the coasts that abut upon the Mediterranean suffer more or less from the practices that consign the treeless country to aridity.

In this regard, we must not forget the beam in our own eye. Many portions of Europe occupied by industrious nations for a thousand years are better supplied with trees than some of our own states. There are localities in North America which, a generation ago, were a part of the great American forest, yet now are falling into that condition of habitual lack of rains which makes good crops the exception and not the rule, and which is the precursor of the ultimately desert condition.

Even as the stripling, coming by inheritance into a large estate, loses sight of the value of his possessions in the ease of their acquisition, so we Americans have prodigally wasted the natural advantages of the New World. There is not a man of mature years who will not be able to recall instances, within his own observation, of diminution of rainfall going hand in hand with diminution of tree growth in the

same locality—a steady decrease in regularity and amount of rainfall being perceptible wherever the forests have been devastated by man.

Utah illustrates the same scientific truth, but conversely, for the Mormons, who found the country treeless, nearly have doubled their annual rainfall, and have largely increased the size of their lakes and streams by planting orchards and by reforestation. In much the same way, Nebraska has been made productive within the last thirty years.

Near the close of the last century a lake in the Valley of Aragua, in Venezuela, was found to be rapidly lessening in area, as the clearing increased, so that it was about to become dry. A civil war breaking out at that time, with the virulence for which South American political affairs are noted, the forest was allowed to spring up again through neglect of agriculture, and in a quarter of a century, the lake and its tributary streams resumed their original dimensions.

Dr. Rogers of Mauritius gives this testimony: "So late as 1865, this island was resorted to by invalids from India and elsewhere as the Pearl of the Indian Ocean—it being one mass of verdure—but when the forests were cleared to make space for sugar cultivation, the rainfall diminished, the rivers dwindled down to muddy streams, the water became stagnant in creeks, crevices and natural hollows, the equable temperature of the island entirely changed, drought was experienced and showers rarely came. The hills were subsequently planted with trees and the rivers and streams finally resumed their former dimensions."

George P. Marsh, in "Man and Nature," says: "A territory larger than all Europe, the abundance of which in by-gone centuries sustained a population scarcely inferior to that of the present Christian world, has been entirely withdrawn from human use, or at best inhabited by tribes too few and poor to contribute anything to the general moral or material interests of mankind. The destructive changes occasioned by the agency of man upon the flanks of the Alps, the Apennines, the Pyrenees and other mountain ranges of Central and Southern Europe, and the progress of physical deterioration have become so rapid that in some localities a single generation has witnessed the beginning and the end of the melancholy revolution."

The distinguished Sir John Herschel, speaking of the destruction of forests, says: "This is no doubt the reason of the extreme aridity of Spain. In France much injury has been done in like manner by tree-destruction. Rain has been much increased in Egypt by vigorous planting of trees."

The country where Carthage once controlled her great republic containing 300 cities is now a scorched abode of indolent Tunisians. Gibbon declares that 500 cities once flourished in what are now the dry depopulated plains of Asia Minor.

Palestine, now but a memory and a shrine, was the most productive section of the ancient world, crowded with cities and villages and deemed of such political prominence at even the late day of her conquest by Rome, the senate decreed a special triumphal arch to be erected to the Roman general in commemoration of the downfall of Jerusalem and or-

dered medals struck with the proud inscription "Judea Capta." These medals have been found in the mud of the Tiber and in Roman excavations, and this triumphal arch to Titus still stands in the Appian way—all bearing testimony of how important Palestine was deemed by the Mistress of the World before the tree-destroying Turk made it a sterile waste.

The island of Santa Cruz off the coast of California once supported an extensive Indian population; now that it has been stripped of its forests, it has no water and gives no return to the husbandman.

In Europe, attention has been more turned to this subject than would be supposed by one who has not given such matters investigation. In every country in the Old World, save the British Islands, there are schools of forestry, and such schools are notably numerous in Germany.

In thickly settled France, so many lives were lost and so much property destroyed by the torrential rains incident to forest destruction that a law has been enacted and is now in force throughout that republic, providing that, if a field become bare of trees, and is, in the opinion of the local authorities, better suited for arboriculture than agriculture, governmental aid will be given to the owner by furnishing him trees at a very small price. If the owner fails to plant the trees, or, having planted them, fails to care for them, the local superintendent of tree culture may take possession and maintain the trees at the cost of the Republic. Within five years the owner may, by paying to the government the principal and interest of the outlay, redeem his field, or by deeding one-half to the government within that time, may redeem the other half, but if he does neither, the entire field becomes governmental domain at the expiration of that statutory period. These provisions of law may seem like "locking the stable after the horse is stolen," but sometimes, by locking the door even then, we may save the balance of the livestock.

It is certain that the arid lands we have in North America have been made so by the extermination of the trees through forest-fires and, possibly, the destruction of trees for fuel and clearing by the great pre-historic agricultural people who preceded the nomadic Indians. The springing up again of these destroyed forests may have been prevented, first, by the resulting drought; second, by the young trees being killed by the frequent prairie fires kindled by man or by spontaneous combustion; third, by the young trees being eaten or trampled down, while yet small, by the buffalo and other quadrupeds which abounded in earlier times. The Indians frequently set fires to kill the tree growth to make better grazing for buffalo, deer and their own ponies. The stockman frequently does the same now to improve the pasturage for his cattle.

It is a legend of the Kiowas, at San Geronlo, California, that many centuries ago the Indians prayed the Great Spirit for a ruler, and He sent them a king who was white, blue-eyed and wore a long beard. The legend continues that this king governed them so successfully as to convert all the lands into a garden and that orchards and vineyards watered

by running streams covered all of what is now the Colorado desert. According to the story as now told by Kiowa Indians, the people became so proud that they ceased to worship the Great Spirit and made an idol of their king, and to punish them, their God dried up the streams, destroyed the orchards and vineyards and made the desert.

This tradition was related to the writer many years ago by Manuel Largo, the Chief of the Kiowa tribe. It is interesting in two ways. It seems to point to a successful civilization under the rule of some fair-skinned stranger—perhaps some shipwrecked blonde Phoenician of remote antiquity—and it seems also to substantiate the theory here advanced, that originally there were no deserts. All students of myths and folklore admit that every racial tradition has some origin, however slight, in actual fact, and it may well be that this tradition is a record, naturally intermixed with blunder, of a time when bounteous nature smiled on industrious man and when all the great Colorado desert actually afforded support to a soil-tilling population.

As has been said by Bryant in *Thanatopsis*:

"The multitudes that walk the earth
Are but a handful to the dead
That sleep within its bosom."

In the incalculable antiquity of man's pre-Adamite occupancy of this planet, the comedy and tragedy of life may have been played by teeming millions in arid America thousands of years before our half-naked ancestors hurled their rude spears at Caesar's cohorts disembarking upon the shores of England.

Trees are inducers of rainfall, and, in a special degree, are conservators and gradual distributors of the moisture that falls. As those things to which we are most accustomed are sometimes the least known to us in an accurate way, it may not be amiss to propound and answer an apparently simple question:

What is a tree and what is a leaf and what are their functions?

In reply, it may be said that a tree is a great botanical structure intended as a conductor of moisture from earth to air, an attracter of moisture from air to earth, a moderator of heat in summer and of cold in winter, and, both by its shade, its obstruction to winds, its root system and its sap, an economizing storage and conservator of the actual rainfall.

The leaves are the lungs of the tree. In the economy of arboreal nature, they are the equalizers and moderators of temperature and moisture. When the air is moist, they absorb the dampness and thriftily store it away in the capacious reservoirs of millions of tubes in the trunk and limbs of the trees and when parched nature looks upward and prays for water, like Dives did to Abraham and Lazarus, these same little "miracles of design" draw on the supply of water in the tree that they have stored away and that the rootlets have absorbed from the earth and send the precious liquid forth into the air, an unseen exhalation to be condensed by the atmosphere and to fall in showers or refreshing dew.

This same water, but for the tree and its foliage, would be carried away by vagrant winds, or, if it

fell, would fall in sudden gusty showers and be lost to use.

It is known to botanists that each square inch of leaf-structure lifts and throws out into the air in dry weather 6-1000 of an ounce of water every twenty-four hours. A large forest tree has foliage equal to above five acres of superficial area, or 6,272,640 square inches. This multiplied by 6-1000, the amount radiated out by every inch, gives us a number of ounces equally 294 gallons, or more than eight barrels of moisture thrown out in dry air each twenty-four hours by each large forest tree. Other trees that need more water will, if growing near by, absorb it from these generous neighbors, as, for example, the magnolia will flourish at Los Angeles, California, if near other trees, but will die if it be planted alone.

In another and pre-eminently important way the leaf is constantly at work for man. Its serrated edges are tiny tentacles to catch the electricity and send it down to work vivifying effects upon the earth. The soil is energized by this constant electrical stimulation. It is proper to use the adjective "constant" for the process goes on all the time. Electricity is more constantly tingling through the fibers of a growing tree than it is through a telegraph wire. It is a mistake to suppose that the electrical current never touches the tree save when it is said to be "struck by lightning." This bursting open of the tree by lightning is only when the attraction of the tree brings to it in highly charged electrical conditions of atmosphere more electricity than the trunk of the tree can at one time normally transmit from the leaves of the earth.

It is not merely because they attract precipitation of rain that trees are valuable to climate and to productiveness. In the forest soil that they cover and make solid by their root systems and enrich and mulch with their decaying leaves, the rain finds storage for much more than can be absorbed by tree roots. This stored water, by slow percolation, trickles (without washing or injury to the soil) from its spongy reservoirs among the roots, leaves, moss and cool depressions in the forest glades and feeds the springs and water courses when nature is athirst. In the same way do trees preserve the snows from sudden melting and hold it in reserve for human needs.

On the other hand the treeless country receives its diminished rain in violent squalls of wind—the decomposed vegetable matter and the surface soil that has been disintegrated into mellowness by sun and air, are washed from the surface of the hills and sloping plains and carried away into the sandy river beds (along with the torrents of escaping water) to be lost in the sea or to enrich some delta country far down the stream. In such countries it frequently happens that great raging floods pour down river beds ordinarily dry rivers, as one might say, invisible in the dry season and invincible in the wet season.

The water, so falling and so running off, is a robber and not a friend; the merest surface is made wet by it and such moisture as it does leave is almost immediately evaporated by the winds that in treeless countries usually follow the atmospheric disturbance incident to rain. The torrential flow, thus

carrying off the vital element for which all nature is suffering, seems to the thoughtful mind as the life-blood flowing from a severed human artery must seem to a surgeon.

The authorities on such subjects state that one acre of beech trees will absorb and subsequently throw out by slow degrees, as the dryness of the air may call for it, as much moisture as 200 acres of grain.

This exhaled humidity not only mitigates the heat of summer but modifies the cold of winter, this latter being on the principle that prompts the florist to place barrels of water in his conservatory to assist in protecting his flowers from freezing in seasons of cold.

In Sweden, there is a saying that the forest is the peasant's fire. In our own country, all must have observed after traveling over a plain in winter that if one enters a forest, the temperature is more moderate, apart from the protection from the winds which the forest affords as a mechanical barrier to their violence. This greater warmth engendered by tree planting, makes the adjoining orchards and harvest fields develop better products because vegetable growth and the maturity of fruits and grain are not so much checked by cold at night and at other times.

Besides this actual mitigation of the temperature, trees, by checking the force of the winds in this way, also conserve the water in the soil by minimizing evaporation. All know how much more quickly an article will dry in even cold wind than it will hanging quietly in the warmest sunlight. Wet roads will dry much more speedily from wind than from sun action. After the rain has fallen, water stands visibly around the grass roots in the pasture long after the bare road is free from moisture.

The air at rest is soon saturated with moisture and takes up no more until that with which it is laden is absorbed, but the unchecked wind careering over the treeless plain greedily gathers all moisture and carries it away to precipitate it in sudden torrential showers on, perhaps, the hot sides of a bleak mountain range hundreds of miles away.

The Colorado and Mohave deserts are not normally such—they are vast plains which would be fertile if they had not lost their trees and thereby lost power of spontaneous productiveness.

Forests exhale oxygen, the absolute essential for human well-being, and absorb and neutralize the noxious effects of carbonic and other injurious gases. The fever prevalent in the Roman Campagna was so severe that the approach through it to Rome was until recent years an object of terror to Italians and foreigners alike. The monasteries there were abandoned and even to cross it was deemed suicidal; but now, hundreds of thousands of eucalyptus trees having been planted there and having grown up, it is densely populated by farmers and vineyardists.

Some fifty years ago, Commodore Matthew Fontaine Maury, well known as the Christopher Columbus of the Gulf Stream, found the National Observatory at Washington unwholesome, those living there suffering continually from fever and ague. To remedy this condition, he planted large fields of sunflowers, and, though the Potomac malaria made the fever and

ague extensively prevalent in the city generally, none of those living at the Observatory or in the vicinity of the sunflowers were so attacked.

Dear mother Nature responds generously to the efforts of her children to repair the mistakes of the past.

It may be remarked, parenthetically, that trees are the homes of birds, and, to say nothing of the aesthetic charm of their beauty and song, birds free the fields from insects and from bugs to such an extent that they deserve to rank high in the list of the farmer's friends.

It is likely that the electrical functions of trees constitute their source of power to directly cause rainfall, but whatever the explanation, there can be no doubt of the potency of forests to attract precipitation.

To name one of many cases, the annual rainfall of Egypt has been doubled by the Khedive's extensive planting of date palms, olive orchards and eucalyptus groves.

Aside from the general benefits to be derived, there should be a planting of willows, osiers and other flexible woods of the water-loving varieties, along the side of the irrigating ditches. They will make stronger the ditch embankments against breaks and by their shade save water from evaporation. In addition to this consideration, it is worthy of mention that such growths can be utilized in many industries. Indeed, large valuable manufacturing possibilities are denied treeless countries, to say nothing of the advantage forests afford for purposes of fuel.

Skilled industry can find work and riches in utilizing the materials afforded by varied wood crops; not merely acquiring but creating wealth, for he who adds to the value of the products of the soil enlarges the wealth of his country in the truest sense.

The American mind is quick to receive and tenacious to retain an important idea like tree culture. It quickly throws off the handicap of ignorance. Action should be taken to bring to public notice the truth about the important part trees play in all their bearings upon climate, floods, drouths, commerce, manufactures, agriculture and health. Laws should be passed in the various states giving at public expense to each reputable person such young trees as he will obligate himself to plant and maintain, and lands so planted in forestry form should be exempted from taxation for a limited period of years.

State boards of forestry should be created to study the protection and encouragement of tree growth. All school children of suitable age should be required to plant trees on Arbor Day and instruction as to the importance of trees should be made a part of the public school curriculum. All country roads and highways should be planted with rows of trees and cared for by road overseers at public expense. Congress should set apart as permanent governmental reservations those large tracts of timbered mountain lands which we so urgently need in the interest of our streams and springs and which will sooner or later be despoiled by the ruthless axeman, or by careless hunters or reckless stockmen, if no protective steps be taken. Every one should encourage the planting and protection of trees whenever and wherever he can.

An old writer asserts "The skin of the animal is not more necessary to its well being than is the tree covering of the earth essential to the proper condition of the soil." In our own day Dr. Oliver Wendell Holmes declares, "When we plant a tree we are doing what we can to make our planet a more wholesome and happier dwelling place for those who come after us as well as for ourselves."

"Jock," said the dying Laird of Dumbiedykes to his son, in one of Sir Walter Scott's charming novels, "Jock, when ye hae naething else to do, ye maun e'en be sticking in a tree; it will be growing while ye are sleeping."

FINANCIAL CONTROL.

By John Harsen Rhoades of Rhoades & Company of New York, and Chairman of the Committee on Education of the New York State Bankers Association—Paper Prepared for the Correspondence Chapter of the American Institute of Banking.

IT was not until the panic of 1893 that we American people as a whole began to appreciate the weaknesses in our financial structure. We then gave thought to the subject, but we accomplished little until after the crisis of 1907. Since that date so much progress has been made that there has now been presented to the American people a well rounded plan of monetary reform, commonly known as the Aldrich plan, which calls for the establishment of a National Reserve or central reservoir for the bank reserves of the country. The completed scheme, however, bears little of the ear-marks of Senator Aldrich's work. I shall, nevertheless, at the outset call the scheme the Aldrich plan, if for no other reason than to show my respect for the man who fathered it. If there be those who can, I for one cannot be so small and narrow as to reject his or any other man's plan because the personality of the author may not be to my or someone else's liking.

Gentlemen, where are we at? There should be peace in the financial world, not distrust and bitterness. It is asserted that we need and must have the suffering and the lesson of another panic—a mean and cruel thought. It's claimed that we cannot have the National Reserve because Mr. Aldrich's name is attached. It's said that we cannot have it if it be known that a Wall Street man has had a hand in preparing it. Such thoughts are childish and unworthy of men. What difference does it make who the author may be? What difference does it make whether he be black or white, tall or short, suave or blunt, sincere or insincere—if the plan he proposes commends itself to our good sense? Put on your thinking caps, my friends, and think. It's the meat on the platter that must be digested, not the man who prepared it; it's the thought in an argument that must be considered, not the man who advanced it.

I have spoken thus warmly because I wish you to see things as they are, not as some would paint them. Sometimes it seems as if the nation were honey-combed with mean, suspicious thoughts. A man can scarcely rise to speak before another charge a false

and ugly motive. He who tries to end an evil should be helped, not handicapped by base and mean insinuations. We should think and think fairly—not jump to our conclusions.

The Aldrich plan, as revised, was endorsed by our American bankers at their convention at New Orleans subsequent to its approval by many state organizations. It would seem, however, that for one reason or another the scheme has not met with popular approval, yet it contains much of merit. It would be a grave misfortune if, after the sacrifice of so much time and thought, we should feel compelled to discard it as a whole. I am one of those bankers who are positive that in centralized power lies the true solution of our financial difficulties, I care not whether it be the Aldrich plan or any other plan; but when I say centralized power I mean centralized power, no chicken-hearted compromise. Therefore I am the more unwilling to throw the plan aside. My purpose this evening is to suggest an amendment, with the earnest desire that interest in the project be revived and the more conspicuous flaws eliminated.

I ask that you take with me the preliminary step of dividing the plan into two sections. That section which deals with the functions and operative processes of the National Reserve we shall not discuss. For that matter it is impossible in advance to lay out a hard and fast working formula; but the second section, constituting the basis of this address, and dealing with the method of election of the various boards, seriously invites the attention of the American people. It is a subject upon which we must train the available intellect of the country, for it is one which concerns not alone the bankers but the people as a whole. Upon it every American citizen has the right to speak, and to expect our national schoolmaster, the newspaper, to assist him in forming an honest opinion, and if he speak the truth to spread that truth among the people. Because the exponent of a plan is unknown or unpopular, should not mean that his argument is unworthy of your consideration. I repeat my metaphor. It is the meat in an argument that must be digested, not the man who prepared it.

As you know, under the Aldrich plan, in order to secure centralized control of the bank reserves of the country, there are to be scattered throughout the nation clusters of local associations of banks. These clusters are to be corded together, as it were, and tied to their nearest branch. The branches, about fifteen in number, are then to be gathered up and roped to the main association, that is, the National Reserve, at Washington. The amendment I offer would not disturb the method of electing the directors of the local associations and branches. In order to refresh your memory I will briefly describe this method, taking a local association for example. In each local association the number of directors is to be determined by the by-laws of the local association, but the method of election is to be uniform throughout the country. There will be two classes of votes used in the election of the board. The first is the solid vote of individual banks as units, designated the unit vote. The second is the vote by banks as proportionate owners of stock in the National Reserve Association, designated the share ownership vote. Three-fifths of the directors of the local associations are elected by

the individual bank vote and two-fifths by the share ownership vote. The purpose of this division is to place the control with the individual banks of each locality, irrespective of their size and wealth.

The number of directors of each branch will conform to the number of local associations which compose the branch, but the method of election is similar to that described above, the result being that the control will be wisely kept so far as possible in the hands of the individual banks, regardless of their size and wealth.

We are now ready to consider the election of the board of governors of the National Reserve or Bank of Banks at Washington. Under the Aldrich plan the method of election of this board, to all intents and purposes, is identical with that of the election of the directors of the local associations and branches. Now, gentlemen, I should like your keen attention, for just here I break away from the Aldrich plan. And with all due respect to the Senator and with every intention to do him justice, we must admit that through the process of elimination and amendment the plan has become something so different from that contemplated by Senator Aldrich that regardless of our politics we shall call it, as we hope it will be called in history, the Monetary Plan of the American people enacted into law by the sixty-third Congress.

I propose that this main body, in whose hands we American people must place the financial destiny of our nation, shall not be elected by the bankers nor by any special interest, but shall be singled out for that great honor and service by the President of the United States. My purpose is to adopt the method of procedure of the appointment of the Justices of the Supreme Court, who, as we know, are appointed for life by the President, subject to confirmation by the Senate. I would make one qualification, that the President shall appoint one-half of the board from the eastern section of the country, and one-half from the western, the zones to be divided by a line running north and south through the center of population, which line of demarkation tends to move further and further west as the country develops.

I propose that this board—the Court of Finance—shall be reduced from the unwieldy number of forty-five, as recommended under the Monetary Plan, to fourteen. Of this number six shall be practical bankers, one of whom shall be appointed to act as Governor-General, six shall be appointed from the industrial, commercial, farming and other interests, and two shall be academic students of banking. There shall also be as ex-officio members, the Secretary of the Treasury, the Secretary of Commerce and Labor and the Comptroller of the Currency, making seventeen in all. With the exception of the ex-officio members, these men shall devote themselves for life, to the exclusion of all other interests, through the work of the National Reserve, to the service of the nation.

It would be outside my province to suggest the proper compensation for the members of the Court, my idea being that compensation should come from the Government and be commensurate with services rendered. Inasmuch as members of the Court cannot be stockholders in the National Reserve—as only banks are eligible—I propose a scheme somewhat similar to that in vogue in Germany, whereby there

shall be a stockholders' committee of five, with whom the Court shall consult from time to time.

It has been suggested that the appointing power be placed in the hands of the President, the Comptroller of the Currency, the Secretary of the Treasury, and the Secretary of Commerce and Labor jointly. This method would mean divided responsibility, the thing of all things I wish to avoid. It is through the grave responsibility that we place upon the shoulders of one man—a responsibility so enormous that he is bound to invest with it the man he appoints—that I hope to secure the service desired. The ablest financier of this generation, J. P. Morgan, appointed for life a governor of the National Reserve by the President of the United States, subject to confirmation by the Senate, is a very different man from J. P. Morgan elected to that post by the bankers.

Let us now consider what objections will be raised. I presume you have many to offer. I will mention two. First and foremost, it will be said that in giving this power to the President we are bringing politics into banking. Upon this point I have but one thing to say. If, to guard our constitutional interests, we can trust the members of the Supreme Court of law to appointment by the President, subject to confirmation by the Senate, why can we not, to protect our financial interests, entrust to him, with the same safeguard, the appointment of the members of the Court of Finance?

A second objection may be this: How are we to persuade our busy business men to serve? If lawyers can be found unselfish enough, disinterested enough, to sacrifice their desire for wealth to the service of their country, is it possible we have no such bankers? I cannot, will not believe it. Give them the opportunity, and they will covet the privilege.

Now, there is a side to this question other than that of patriotism. It is that of self-preservation. And in the last analysis, what is patriotism but self-preservation? Not long ago a man said to me: "Mr. Rhoades, if you gave the same amount of time to your business that you have given to banking reform, you would be a richer and more influential man." What was my answer?—"My dear sir, I have not forgotten the panic of 1907, and I shall do everything that lies within my power to prevent another—I'm a banker, that's my duty. But I suffered in that panic, and don't you forget it—mentally, yes, financially. Disturbances are certain to occur, but I draw the line at the cataclysms of the past. Of what use is it to me to make money for five, ten, fifteen years, and then through no fault of mine lose it over night? Of what use is it to a man to pile up money all his life, and die, and have his children suffer?" I wish I could make our busy money-makers see that side of the picture. I wish I had the eloquence to impress upon them the danger that confronts them. I am not preaching patriotism now, but self-interest and preservation. I know such men are shrewd enough to sniff a panic from afar and run to cover before it breaks, but not one of them has nerve enough to care to see another.

We hear much to-day of the Money Trust and of control in the hands of the few. Control is, has been, and always will be in the hands of a few. That it exists was demonstrated in the panic of 1907, when, with

due credit to the clearing houses and to the Government, the financial interests of the country bowed down to the will of one man. And let us thank our lucky stars that in such an emergency we had that man. This nation little appreciates the anxious days of 1907. It little knows what that man said and did and how he saved the country from financial conflagration, which, starting in New York and fueled by thoughtless hands, would have spread from ocean to ocean. But I believe that such enormous power, power great enough to stop a panic, power great enough to bring one on, should be in the hands of men who have no private interests to promote, but solely one duty to perform—that of service to the people.

The Court of Finance, which I propose, is the supreme tribunal to whom the American people must entrust the financial destiny of their nation. These are the men who must be above suspicion. It is they who will set the standard of membership in the National Reserve, with authority to accept or reject an application. It is they who will have the power to expel. It is they who will control the discount rate—raise it to check speculation in the East—raise it to check speculation in the West—raise it when the financial seas are disturbed—lower it when the seas are calm. The question before us is not whether the financial destiny of the nation shall be in the hands of a few, but who shall be the few, and how they shall be made, so far as lies within our power, subservient to the will of all.

INSTITUTE AIMS.

THE fact should be remembered that the Institute course of study aims to provide elementary education for thousands rather than advanced education for hundreds or less, and graduation as evidenced by the Institute certificate should therefore be regarded as the beginning rather than the end of Institute activity. In other words the Institute study course represents educational necessities rather than educational luxuries:

1. The student of banking should acquire familiarity with banking methods and accounting as now practised. In bank accounting it is suggested that it is more comprehensive to begin with the statement of condition as the central idea and work down than it is to begin with detail accounts and work up. Education in bank accounting implies comprehension of accounting principles and not mere form-following.

2. The banking student should get an understanding of the principles involved in various transactions. Such principles are common to all transactions regardless of the size of the institution to which they pertain. The why as well as the how should be studied. The student should also acquire some general knowledge of banking institutions in this and other countries. In this way something may be learned from the experience of others.

3. Education in banking necessarily includes such principles of economics and law as pertain to the banking business. In these days of corporations and corporation securities the student of banking should be a sufficiently skillful diver into the depths and shallows of finance to distinguish the difference between water and bed rock. The student of banking

should learn enough law to act intelligently upon established principles and refer doubtful questions to a lawyer. In other words he should know what is law and what is not.

METHODS OF EDUCATION.

SELF-EDUCATION without guidance is an interesting thing to read about in the biographies of Benjamin Franklin and Abraham Lincoln, but average persons are not equal to it. As Ben Johnson put it, "Very few men are wise of their own counsel or learned by their own teaching, for he that is only taught by himself has a fool for a master." What most students need is a teacher to direct and encourage them. Few get much benefit from textbooks without collateral examinations. The teacher's chief duties are four-fold:

1. To advise students in deciding upon the kind and quantity of work required in individual cases. What to do is no more important than what not to do.
2. To apportion the work of students with due regard to sequence and time. An intellectual table d'hôte is best for both appetite and digestion.
3. To direct the work of students in progress. The road to wisdom has its pitfalls and forked roads without guide-posts.
4. To test by progressive and final examinations the thoroughness and accuracy of students' acquirements.

Systematic education the world over consists of text-literature or lectures and collateral examinations. Text-literature and lectures are educational food. Examinations are the process of digestion. The mind as well as the body requires exercise, and the student who ducks or dodges examination is like the dyspeptic who bolts his food or the athlete who side-steps his training. The fact should be appreciated that examination is something more than measurement and certification. Students who realize that they are to be examined pay closer attention to their lessons. The process of examination also corrects omissions and misconception otherwise inevitable in any system of study. Examination is a fundamental necessity in practical education, and not a scholastic superfluity as some persons suppose or pretend to suppose.

CORRESPONDENCE CHAPTER.

OUTSIDE of study classes in city chapters, equally effective instruction is provided by the Correspondence Chapter. In correspondence instruction each student is supplied with the serial lesson pamphlets and collateral exercises. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Average students get little benefit from books alone. What most of them need is a teacher to direct and encourage them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method is rich in practical results.

INSTITUTE CHAPTERGRAMS

THE INSTITUTE AND ITS RELATION TO THE COUNTRY BANKER.

By Byron W. Moser, President of the American Institute of Banking.

SINCE it is barely possible that some bankers in the United States are not fully acquainted with the work that the American Institute of Banking is doing and with the work it expects to do, a few words of explanation may be in order. The American Institute of Banking is the educational section of the American Bankers' Association and, to use plain, simple English, its main object is to teach bankers banking, thus enabling them to become more efficient in their profession. In order to accomplish the desired result, a standard course of study is provided, on completion of which a certificate, or diploma, is granted. This certificate shows that the recipient has diligently applied himself to his work, and that he as a result knows enough of Practical Banking and of Banking Law to justify receiving the above mentioned evidence. It is also evidence of his desire to be classed as one who must of necessity know more than the man who is satisfied to wait for the teacher experience to furnish much of the knowledge which is so easily acquired by study. To elaborate a trifle more the first part of the above mentioned Course considers the subjects "Wealth and Banking," "Bank Accounting," "Loans and Investments," "Clearing Houses" and "Trust and Savings Institutions." The second part of the Course considers Commercial Law in general and Banking Law in particular, with special reference to Negotiable Instruments. It is not putting it too strong to state that any bank officer or bank man who has completed the law part of the Course will be in a position to avoid many not only possible, but probable mistakes and to answer his customers intelligently when certain now unanswerable questions are put to him. To be able to do so should be sufficient reason for any man not thoroughly familiar with banking law to take at least this part of the regular course of the American Institute of Banking. The Institute Course is and must of necessity be the best obtainable.

Correspondence Work.

Many country bankers do not realize that exactly the same work done in the large cities is being done by the Correspondence method for the men in the smaller cities and country towns where chapter work is impracticable. In fact, there are several reasons why better results are often obtained through correspondence work than are obtained in chapter cities. The inspiration of personal contact is of necessity lacking, but is more than compensated for

by the fact that the personal relationship established between students and instructors stimulates ambition, and by the fact that all lessons must be written, thus insuring thought and thoroughness. Another advantage of the correspondence method is that the student is allowed a reasonable length of time in which to complete each lesson, thus enabling him to suit his own convenience to a large extent. To any student who doubts the utility of the correspondence method of instruction, it is but necessary to call attention to the marvelous results attained, and to the work being done by certain schools and the extension departments of some of our leading colleges and universities. The day is at hand when the man who makes good is the man who knows his business best. This is a self-evident truth, and should be sufficient incentive to any ambitious man to do all he can to increase his knowledge of his chosen profession. That the members of the banking fraternity are doing so is evidenced not only by the steady increase of members in the city chapters, but also by the large number of men who are taking Institute work by correspondence.

Concerning the Cash.

In order that the low price of the Institute Course may cause no one to think that the quality of the work is also low, it might be well to quote from a letter recently received from the President of the American Bankers' Association. After expressing his pleasure of knowing that the Institute section through its Correspondence Chapter is extending its educational work outside of city chapter classes, Mr. Huttig closed his letter as follows: "Possibly the low price of \$10 at which each of the two parts of the study course is supplied to members of the American Bankers' Association may, in the minds of some persons, reflect upon the character of the work. You might therefore explain that such nominal tuition fees are made possible only by the fact that the Association has deemed it wise to assist the Institute financially. I trust that you will obtain at least one student in every institution throughout the country."

How To Enroll.

To enroll for Institute work but one thing is necessary. The prospective student should decide which part of the Course—Banking or Law—is desired first, and then write to the Educational Director of the Institute, George E. Allen, 5 Nassau Street, New York City, telling him of his desire. It is not necessary that he be connected with an institution which is a member of the American Bankers' Association, but men connected with institutions which are members of the American Bankers' Association are entitled to the \$10 rate for each part, whereas \$15 for

each part is the cost to men in non-member institutions. Institute work in either case is a bargain.

Correspondence Committee.

To promote correspondence instruction throughout the country the following committee has been appointed:

C. W. Allendoerfer, assistant cashier First National Bank, Kansas City, Mo.

Hugh A. Arnold, vice-president and cashier First National Bank, Albany, N. Y.

J. Howard Arthur, assistant cashier Peoples National Bank, Pittsburgh, Pa.

G. A. Asklng, First National Bank, Denver, Colo.

I. H. Baker, auditor First National Bank, Detroit, Mich.

T. W. Ball, McCormick & Co., Salt Lake City, Utah.

William Bell, manager transit department Bank of Pittsburgh, N. A. Pittsburgh, Pa.

H. W. Benedict, assistant cashier Fourth National Bank, Cincinnati, Ohio.

R. E. Bolling, assistant cashier First National Bank, Baltimore, Md.

J. B. Borden, Borden & Knoblauch, Philadelphia, Pa.

W. W. Bowman, secretary Kansas Bankers' Association, Topeka, Kan.

G. M. Brack, assistant cashier Capital National Bank, St. Paul, Minn.

Mrs. H. M. Brown, secretary Michigan Bankers' Association, Detroit, Mich.

E. B. Clare-Avery, assistant cashier Merchants Laclede National Bank, St. Louis, Mo.

W. L. Clark, auditor Spokane & Eastern Trust Co., Spokane, Wash.

A. B. Claxton, Jr., Washington Loan & Trust Co., Washington, D. C.

Armitt H. Coate, assistant secretary Burlington County Safe Deposit & Trust Co., Moorestown, N. J.

Ledyard Cogswell, Jr., vice-president New York State National Bank, Albany, N. Y.

F. E. Colville, manager transit department Hamilton National Bank, Chattanooga, Tenn.

N. W. Corson, assistant cashier Corn Exchange National Bank, Philadelphia, Pa.

Raymond B. Cox, assistant cashier Fourth National Bank, New York City.

R. L. Crampton, secretary Illinois Bankers' Association, Chicago, Ill.

J. H. Daggett, assistant auditor First National Bank, Milwaukee, Wis.

J. W. Davey, assistant secretary Reno Clearing House, secretary Nevada Bankers' Association, Reno, Nevada.

G. R. DeSaussure, vice-president Barnett National Bank, secretary and treasurer Florida Bankers' Association, Jacksonville, Fla.

F. A. Crandall, vice-president National City Bank, Chicago, Ill.

Charles L. Eddy, Merchants National Bank, Providence, R. I.

William G. Edens, assistant secretary Central Trust Company of Illinois, Chicago, Ill.

F. W. Ellsworth, publicity manager Guaranty Trust Co., New York City.

Joshua Evans, Jr., assistant cashier Riggs National Bank, Washington, D. C.

Frank C. Eves, assistant treasurer West Philadelphia Title & Trust Co., Philadelphia, Pa.

Carl W. Fenninger, Provident Life & Trust Co., Philadelphia, Pa.

William J. Field, secretary and treasurer Commercial Trust Co., secretary New Jersey Bankers' Association, Jersey City, N. J.

J. J. Flynn, Central National Bank, Oakland, Cal.

L. W. Fricke, assistant secretary Mississippi Valley Trust Co., St. Louis, Mo.

Joseph Grindley, assistant cashier First National Bank, Detroit, Mich.

Harry J. Haas, assistant cashier First National Bank, Philadelphia, Pa.

Arthur H. Hale, president First National Bank, secretary New Hampshire Bankers' Association, Manchester, New Hampshire.

H. S. Hall, treasurer Kennebec Trust Co., secretary Maine Bankers' Association, Waterville, Me.

P. W. Hall, secretary Iowa Bankers' Association, Des Moines, Iowa.

Charles Hann, assistant cashier National Mechanics Bank, secretary Maryland Bankers' Association, Baltimore, Md.

W. K. Hardt, assistant cashier Fourth Street National Bank, Philadelphia, Pa.

W. B. Harrison, secretary Oklahoma Bankers' Association, Enid, Okla.

W. Z. Harrison, National Copper Bank, Salt Lake City, Utah.

J. L. Hartman, Hartman & Thompson Bankers, secretary Oregon Bankers' Association, Portland, Oregon.

R. S. Hawes, vice-president Third National Bank, St. Louis, Mo.

C. B. Hazlewood, assistant secretary Union Trust Co., Chicago, Ill.

William J. Henry, secretary New York State Bankers' Association, 5 Nassau Street, New York City.

Ernest E. Herrell, assistant cashier National Capital Bank, Washington, D. C.

Jacob H. Herzog, assistant cashier National Commercial Bank, Albany, N. Y.

Thomas Hildt, cashier The National Bank of Commerce, Baltimore, Md.

H. Erle Hoke, assistant cashier Plaza Trust & Savings Bank, secretary New Mexico Bankers' Association, Las Vegas, N. M.

J. W. Hoopes, cashier City National Bank, secretary Texas Bankers' Association, Galveston, Texas.

A. W. Hudson, vice-president Windsor Trust Co., New York City.

E. J. Hughes, assistant cashier First National Bank, Milwaukee, Wis.

W. B. Hughes, manager Omaha Clearing House, secretary Nebraska Bankers' Association, Omaha, Neb.

W. A. Hunt, cashier Citizens' Bank, secretary-treasurer North Carolina Bankers' Association, Henderson, N. C.

George W. Hyde, assistant cashier First National Bank, secretary Massachusetts Bankers' Association, Boston, Mass.

George A. Jackson, Continental & Commercial National Bank, Chicago, Ill.

F. L. Johnson, assistant cashier Mercantile National Bank, St. Louis, Mo.

J. E. Jones, bond department Marshall & Ilsley Bank, Milwaukee, Wis.

P. C. Kauffman, second vice-president Fidelity Trust Co., secretary Washington Bankers' Association, Tacoma, Wash.

W. F. Keyser, secretary Missouri Bankers' Association, Sedalia, Mo.

A. N. Kingsbury, assistant cashier Central National Bank, St. Louis, Mo.

J. R. Leavell, Mechanics' American National Bank, St. Louis, Mo.

Davis L. Lewis, Brown Bros. & Co., Philadelphia, Pa.

J. A. Lewis, cashier National Bank of Commerce, St. Louis, Mo.

James B. Lippitt, transit manager Denver National Bank, Denver, Colo.

Haynes McFadden, secretary Georgia Bankers' Association, Chandler Building, Atlanta, Ga.

J. C. McHannan, assistant cashier Central National Bank, Cleveland, Ohio.

Charles R. McKay, manager transit department First National Bank, Chicago, Ill.

J. P. McKelvey, assistant cashier Exchange National Bank, Pittsburgh, Pa.

W. J. McLane, cashier Hennepin County Savings Bank, Minneapolis, Minn.

W. C. Macfadden, vice-president Commercial Bank, secretary North Dakota Bankers' Association, Fargo, N. D.

Charles A. MacLean, cashier Traders National Bank, Spokane, Wash.

W. S. Maddox, assistant cashier Philadelphia National Bank, Philadelphia, Pa.

William McC. Martin, assistant trust officer Mississippi Valley Trust Co., St. Louis, Mo.

F. J. Mayer, assistant cashier Fifth-Third National Bank, Cincinnati, Ohio.

F. M. Mayfield, secretary Tennessee Bankers' Association, Nashville, Tenn.

Alfred M. Mitchell, Industrial Trust Co., Providence, R. I.

G. G. Moore, assistant cashier New England National Bank, Kansas City, Mo.

O. M. Nelson, assistant cashier First National Bank, St. Paul, Minn.

John A. Oace, assistant cashier Merchants' National Bank, St. Paul, Minn.

Victor Palmer, transit manager First National Bank, San Francisco, Cal.

A. W. Pickford, Girard National Bank, Philadelphia, Pa.

Carroll Pierce, vice-president Citizens National Bank, Alexandria, Va.

J. E. Platt, cashier Security Bank, secretary South Dakota Bankers' Association, Clark, S. D.

John Poole, cashier Commercial National Bank, secretary District of Columbia Bankers' Association, Washington, D. C.

S. B. Rankin, secretary Ohio Bankers' Association, 809 Wyandotte Building, Columbus, Ohio.

Henry B. Reinhardt, cashier State Bank of Maryland, Baltimore, Md.

C. D. Richardson, assistant cashier Commercial National Bank, Pittsburgh, Pa.

J. W. Robinson, vice-president Union Savings & Trust Co., secretary Idaho Bankers' Association, Boise City, Idaho.

William M. Rosendale, assistant cashier Market & Fulton National Bank, New York City.

W. C. Saunders, assistant cashier Union National Bank, Cleveland, Ohio.

E. F. Schoeneck, Corn Exchange National Bank, Chicago, Ill.

Walker Scott, cashier Planters' Bank, secretary Virginia Bankers' Association, Farmville, Va.

Mark Skinner, cashier First National Bank, secretary-treasurer Montana Bankers' Association, Great Falls, Mont.

P. J. Slach, cashier Broadway Savings & Trust Co., Cleveland, Ohio.

Andrew Smith, vice-president Indiana National Bank, secretary Indiana Bankers' Association, Indianapolis, Ind.

W. W. Spald, Hibbs & Co., Washington, D. C.

Thomas G. Spillane, Bank of California, San Francisco, Cal.

G. A. Stephenson, assistant cashier Second National Bank, Pittsburgh, Pa.

F. B. Stevens, treasurer National Savings Bank, secretary New York Savings Bank Association, Albany, N. Y.

W. B. Taylor, Boatmen's Bank, St. Louis, Mo.

Jerome Thralls, manager Kansas City Clearing House, Kansas City, Mo.

McLane Tilton, Jr., cashier First National Bank, secretary-treasurer Alabama Bankers' Association, Pell City, Ala.

M. A. Traylor, vice-president National Stock Yards National Bank, National Stock Yards, Ill.

John B. Tucker, Lincoln National Bank, Rochester, N. Y.

F. L. Underwood, cashier Hamilton Trust & Savings Bank, Chattanooga, Tenn.

H. VanDeusen, cashier Rock Springs National Bank, secretary Wyoming Bankers' Association, Rock Springs, Wyoming.

W. D. Vincent, cashier Old National Bank, Spokane, Wash.

Robert E. Wait, president Citizens' Investment & Security Co., secretary Arkansas Bankers' Association, Little Rock, Ark.

J. A. Ward, assistant cashier Cleveland National Bank, Cleveland, Ohio.

C. S. Webster, treasurer Barton Savings Bank & Trust Co., secretary Vermont Bankers' Association, Barton, Vermont.

D. C. Wills, cashier Diamond National Bank, Pittsburgh, Pa.

A. O. Wilson, vice-president State National Bank, St. Louis, Mo.

E. S. Wolfe, cashier District National Bank, Washington, D. C.

O. H. Wolfe, secretary Clearing House Section American Bankers' Association, 5 Nassau Street, New York City.

ALBANY.

By Samuel Applebaum.

AT the final open meeting for the year 1912 of the Albany Chapter, held in the National Commercial Bank Thursday evening, December 19, the following new members were elected: Philip Fitz Simons, Jr., S. J. Phipps, Thomas V. Wilkinson, Frank C. Mills and Albert E. Welch.

The speaker for the evening was James H. Perkins, president of the National Commercial Bank, who gave a most interesting talk on "National Bank Problems of Today." The address was informal. Mr. Perkins sat at his desk and talked to the members who were seated about him as though he were speaking with a group of bank officials at his club. The members were so enthusiastic over the address that a rising vote of thanks was extended by the chapter to Mr. Perkins.

This was the fifth address given by officers of the various banks in our city. The chapter has a movement on foot to have papers on various questions read at our open meetings.

The study class has just completed the lessons on "Wealth and Money," "Banks and Banking" and our winter and spring course provided by Professor James B. Kennedy, of Union College, is as follows: January 9, "Some Principles of Bank Bookkeeping"; January 16, "Theory and Practice of Auditing"; January 30, "Principles of Loans and Discounts"; February 6, "Acceptances, Discount Market, Speculation, Call Loans"; February 13, "Influence of the Discount Rate and Credit and Financial Crises"; February 27, "Principles of Stocks and Bonds"; March 6, "The Evolution of Negotiable Securities"; March 13, "The Stock Market and the Money Functions of Securities"; March 27, "The History of the Clearing House"; April 3, "The Function of the Clearing House"; April 10, "The Practice of the Clearing House"; April 24, "The Evolution of Savings Banks"; May 1, "The Functions of Savings Banks"; May 8, "The Organization and Function of Trust Companies"; May 22, "The Practice of Trust Companies"; May 29, "Trust Companies in the United States."

Much of the progress made by the chapter is due to the economical and encouraging efforts of the various banks in our city who are giving us unlimited use of the directors' rooms, so that we are not compelled to pay out large sums for the renting of meeting rooms. I am stating it mildly when I say that the members are very grateful for such loyal support and I am sure that at the conclusion of our Course the banks will be well rewarded by having better men and better trained employees to look after the welfare of their institutions.

The chapter is striving to enroll among its members some clerks who are not interested in the work of the Institute. The reasons advanced by them for not joining is, what good will it do them to learn all about banking? They say it will not get them any more salary or it will not make them officers of the banks. We feel, however, that we can not quite agree with them, for our experience has led us to believe that any institution will pay larger salaries and advance a man to a higher position if he "can deliver the goods." It is an old and tried saying that you can not keep a good man down. So here is a sug-

gestion for the new year: Get in line and keep striving. You are sure to succeed, and you also have the satisfaction of knowing that at the end of two years, if you pass the examination, you have a certificate of the American Institute of Banking which is one of the greatest assets a bank clerk can hold; something recognized by almost every bank in the country.

BALTIMORE.

By John A. Graham.

ON Tuesday evening, November 12, Baltimore Chapter had the great pleasure of hearing C. B. Hazlewood, assistant secretary of the Union Trust Company of Chicago, talk to us on "Transits." Mr. Hazlewood showed his familiarity with his subject, and imparted a great deal of information to us. Especially was this interesting to the men who are taking up the course in Banking and Political Economy. Mr. Hazlewood gave us a description of the American Bankers' Association numerical system, and showed that it would certainly save time, and be of great advantage if adopted by all of the banks.

Our study class has an enrollment of sixty, and there is an average attendance of forty-five. The men in this class are certainly to be congratulated upon their regularity, and I am sure will realize great benefit from their efforts. Dr. Barnett, of the Johns Hopkins University, is much gratified and has taken extraordinary interest in the class.

On Tuesday evening, December 17, O. Howard Wolfe, secretary of the Clearing House Section of the American Bankers' Association, gave us a talk on "Clearing Houses." Mr. Wolfe outlined the functions of the Clearing House, and also gave a most interesting account of the origin of the Clearing House. It will not be amiss to quote a bit of the history as outlined by Mr. Wolfe: "There is no definite record as to the time of the organization of the Clearing House. It is said that the idea of clearing checks came about quite by accident. About 1770 the London banks were in the habit of collecting checks on one another in precisely the same way that checks today are collected on non-member banks, that is by messenger, or as they were then called 'walking clerks.'

"The legend is that two of these London clerks formed the habit of meeting daily at a coffee house during lunch hour and exchanging checks, which they had against one another, having brought sufficient cash to settle any difference that might occur. This saved them both a long walk half way across the town. Other clerks learned of what was going on, and they, too, joined the little group at the coffee house, all of which was done quietly without the knowledge of the bankers. When the practice finally came to the knowledge of these banks they acted precisely as many bankers do today. Part of them approved of the plan, and saw that it had valuable features of accounting, while others at once objected strongly to the scheme and dubbed the clerks 'lazy ones.' I now want to call your attention to a matter that is noticeable in all clearing house history and methods, that is, there seems to be two schools or lines of thought in connection with everything pertaining to the subject, and I would also have you keep in

mind that this is due to the fact that the Clearing House in its construction and administration is immensely human, and those who have to do with the making of rules very often allow their own characteristics and prejudices to creep into the decisions they may make. We are too apt to look upon Clearing Houses as we do with regard to the Constitution of the United States, as something set up to be our master rather than our servant.

"To go back to our London Clearing House, the decision to establish a separate room to take the place of the old coffee house meeting place followed, and somewhere about 1775 we find the London Clearing House in full operation. The idea did not extend to this country until about 1853, and the same old problems had to be met with, one set of bankers entirely opposing any adoption of the plan. Their objections were usually based upon the specific argument that they were required to settle immediately rather than at weekly or at longer periods. Times have not changed since then and it is this thought that still prevents the organization of many Clearing Houses where Clearing Houses do not, but should now exist."

This is the first opportunity we have had of hearing Mr. Wolfe and we certainly hope that he will pay us another visit.

We expect to have a theatre party some time in January.

Our president, Louis W. Jenkins, who is "always on the job," is busy at present getting his Banquet Committee together to make arrangements for our annual banquet, which will be held the first part of March.

The prize of \$50 which was offered last spring by John B. Ramsay, president of the National Mechanics Bank, for the best paper on "The Proper Method and Rate for Paying Interest on Commercial Deposits" was won by Frederick O. Scherf. This is not the first time that Mr. Scherf has been successful in the winning line. He was awarded the prize last year for a paper on "Exchange."

BIRMINGHAM.

By M. H. Sterne.

THE large number of members who attended our December general meeting on the 17th instant were rewarded by a very interesting program. After the regular order of business had been transacted an excellent paper on savings was read by J. E. Ozburn, secretary of the savings department of the First National Bank, which institution has a larger line of savings accounts than any other bank in the South. Mr. Ozburn stated that it was the duty of the banks to offer every inducement consistent with conservatism in order to encourage systematic savings and educate the people as to the possibilities of persistent self-denial. He deplored a tendency on the part of some institutions to consider a high rate of interest the prime inducement to be offered the saver, and suggested that "the banks offering the highest rate of interest are at times regarded by depositors with perhaps a little wariness."

A debate on "Resolved that the banks of Birmingham should not permit overdrafts" was participated

in by O. M. Cross, of the American Trust & Savings Bank, and H. H. Eveslage, of the Traders National Bank, for the affirmative, and A. G. Jones, of the Commercial Bank & Trust Company, and W. D. Robertson, of the First National Bank, for the negative. The arguments were clear and concise and many ideas were advanced by the debaters and by the various members in the informal discussion which followed. "Habitual overdrawers" came in for a great deal of attention, and it was quite appropriate that the report of our committee looking to a change in the laws of this State governing in sufficient checks should have been received at this meeting. Our present laws are inadequate, and we hope to be instrumental in having the act recommended by the American Bankers' Association, adopted at the next session of the Legislature.

President Stevens announced the appointment of the following committees for the ensuing year: Programme, January, L. McCalley, First National Bank; February, A. J. Daly, American Trust & Savings Bank; March, H. H. Eveslage, Traders National Bank; April, A. G. Jones, Commercial Bank & Trust Company. Educational, J. H. Hard, American Trust & Savings Bank, chairman; W. B. Brittain, First National Bank; C. P. Hilty, First National Bank. Membership and Attendance, L. C. Collins, Traders National Bank, chairman; H. E. Head, First National Bank; L. R. Locke, Birmingham Trust & Savings Company; O. M. Cross, American Trust & Savings Bank; William Moore, Jefferson County Savings Bank; J. R. Pratt, Merchants & Mechanics Trust & Savings Bank; A. G. Jones, Commercial Bank & Trust Company; D. P. Knapp, Bank of Ensley; R. D. Russell, Bank of Alabama. House, W. V. Bartlett and C. M. Shill, both American Trust & Savings Bank. Publicity, J. L. Cross, First National Bank, and M. H. Sterne, Traders National Bank.

At the conclusion of the programme J. L. Cross presented to A. Leo Oberdorfer, the capable leader of our study class, a handsome pair of diamond studded cuff buttons as a token of our appreciation of his generous services.

BOSTON.

By Arthur O. Yeames.

BOSTON CHAPTER is entering upon the second term of its educational year with continued interest and enthusiasm. The papers in the Practical Banking Course read by members of the chapter have proved of such general value that they are being printed and distributed in similar form to the Williston Law Lectures. The monthly "Chapter Nights" are a popular feature of our work, and while the informal dinners are valuable from a social standpoint, the timely importance of the subjects under discussion and the high standard of the speakers is all in keeping, we believe, with the real aim and purpose of the American Institute of Banking.

Boston Chapter is looking forward to giving Institute President Moser a hearty welcome in February, and the "Chapter Night" for that month will be made a little more of an affair than usual—a mid-year rally for the members of the chapter.

Probably one of the problems of all large chapters is how to keep members constantly notified and reminded of meetings, lectures and activities in general and at the same time keep from drawing too heavily on the limited funds in the treasury, for printer's ink and postage. In Boston we are trying out the monthly bulletin idea and our "Chapter Calendar" has become a little news sheet eagerly looked for and read by the members. In it we announce the schedule for the succeeding four weeks and give a brief review of the past month, with reports of officers, committees and consuls. The Legislative Committee always have a valuable paragraph on new or proposed legislation of interest to the banking fraternity. We are trying to keep the tone high, excluding all personals, "knocks," jokes, etc. Our secretary would be pleased to forward a copy on application if it might be of service to any other chapter. The Publicity Committee, who issue this Calendar, also approve all printed notices and forms used by the chapter, with the result of a uniform style and quality and a decrease in the number and duplication of notices over the system where each officer and committee did the work for their department. The secretary, of course, attends to the distribution to members. We have also issued a "vest pocket reminder" with a condensed schedule of the year's programme and each consul is supplied with a set of posters for use on the bulletin board of his bank. These, printed on cards of decidedly different colors, read as follows: "Williston Lecture Today, City Club Auditorium, 4:45 o'clock." "Practical Banking Course Tonight, Chipman Hall, 7 o'clock." In spite of all these methods for keeping our members reminded of what is going on, we still hear of those who forget the time and the place.

In response to the suggestion made at the beginning of the year, Boston Chapter has quite an "exchange" list and has received much help from ideas obtained from bulletins and printed matter issued by other chapters. We believe that an increased co-operation between the chapters would result in great benefit to Institute work in general and Boston Chapter stands ready to do its liberal share in furthering this cause.

Owing to press of his duties in the safety deposit department of the First National Bank, Daniel J. Byrne has resigned as secretary of Boston Chapter and the Board of Governors have regretfully accepted the resignation of this efficient official. Howell B. Voight, also of the First National Bank, has been elected to fill the vacancy.

CHATTANOOGA.

By T. R. Durham.

BY far the most interesting adding machine contest ever held by the Chattanooga Chapter was that which was had on the 19th day of December at our usual meeting place—the Manufacturers Rooms. Two representatives from six banks entered the contest, every one of whom went into it with a strong determination to win a very beautiful loving cup offered by the Burroughs' Adding Machine Company. The loving cup, as the first prize, is an innovation with us. The plan proposed is that the bank winning the cup must display it in its banking rooms for one year,

at the end of which time they must defend their title to it. In order to retain the cup permanently, one bank must win it twice. The second prize was a very handsome bill-fold offered by T. H. Payne & Company, local book sellers; the third being a fountain pen offered by Wight Bros., office outfitters. Because of the fact that accuracy alone determined the winners, the three fastest contestants were disqualified, the cup going to C. W. Hall, of the Citizens National Bank for a time of two minutes and forty-six seconds for 150 checks. The second prize was won by Lee Smith, of the American Trust & Banking Company. The third prize was won, on second trial, by Herbert Granger, of the Hamilton National Bank. Mr. Granger made the best time of the evening, making the correct total of 150 checks in two minutes and seventeen and two-fifths seconds. The second best time, made by J. E. Harris, of the Hamilton Trust & Savings Bank, was two minutes and twenty-eight seconds. The Adder Machine Company and the Comptograph Company each offered to stand the expense for a contest to be held by the chapter this winter.

Our chapter is doing good work this year along educational lines. We have two classes in progress, one being a law class for the junior members, and an advanced course for the senior members. A great deal of interest is being taken in both classes, and considerable benefit is being derived by those who attend.

CHICAGO.

By W. W. Walton.

J. PAUL GOODE, Ph. D. of the University of Chicago, gave a stereopticon lecture before the chapter on "Hawaii: A Geographical Interpretation" Tuesday evening, December 10. Prof. Goode's lecture was not only interesting, but educational as well. The Hawaiian Islands are composed of a group of many islands, the important of which are Hawaii, Maue, Molokai, Oahu, Kauai and Kihau. A portion of the island of Molokai has been set aside to be used as a leper colony. These islands are the result of volcanic eruptions, the base of some of them being five miles deep in the sea. The volcanoes found in the Hawaiian Islands differ from those in other parts of the world in that their lava is molten stone and that their eruptions are not of a violent nature. If there is such a place as a land of Paradise, it certainly can be found on the Hawaiian Islands; the temperature is never lower than 54 degrees or higher than 80; bathing is always in season; the winds always blow from the northeast and at about the same velocity at all times, and the soil produces in abundance; there is no poisonous plant or animal life on the islands. The natives of the islands are now almost extinct, chiefly due to epidemics and contagious diseases and the large importation of foreign labor, the latter being a very serious question in the islands at the present time. The natives represent the most minor portion of the inhabitants of the Hawaiian Islands. Their chief industry is the raising of sugar cane, although pineapple raising is becoming quite an industry, and it is stated that the largest pineapple canning factory in the world is located in these islands. The views professor Goode showed of the fruits and vegetation of

the islands were quite inviting, and those who dislike the cold weather experienced in other parts of the world undoubtedly would have a longing to live in such a beautiful country where climatic conditions are so ideal.

Friday evening, December 20, was given over to the ladies and was known as ladies' night. A most excellent time was had by all in attendance and everyone left feeling that they had spent an enjoyable evening. The musical programme was most excellent and highly entertaining and it unquestionably was one of the best entertainments which Chicago Chapter has given for some time, and the chapter is very grateful to all those who so kindly agreed to participate and help make this occasion so successful and entertaining. The latter part of the evening was devoted to dancing.

Chicago Chapter will give its twelfth annual banquet at the Hotel La Salle Saturday evening, January 18, 1913, and the Banquet Committee now has its plans well under way and in perfect running order, and from the present indications this will be one of the most successful banquets given by the chapter. Charles L. Hutchinson, vice-president of the Corn Exchange National Bank, Chicago, and ex-State's Attorney John E. Waymen are several of the prominent speakers who have agreed to be with the chapter on this occasion. The committee is exerting its every influence to make this banquet an epoch in chapter history.

CINCINNATI.

By William Beiser.

BYRON W. MOSER, of St. Louis, our national president, was the guest of Cincinnati Chapter on November 19. In the evening he delivered an address at the regular meeting. Mr. Moser possesses the happy faculty of being very brief in his remarks. He includes in such remarks not only a fund of philosophy, but many valuable words of advice and encouragement. His visit to Cincinnati Chapter will leave a lasting good effect upon it. The value of being prepared for an opportunity had never been so cleverly explained as by him, nor has thoughts concerning this value been more deeply impressed upon our members. He emphasized the necessity for being familiar with legal questions and answers, such as submit themselves in the regular course of business, and paid a deserved tribute to the very able work of Mr. Paton in the Bulletin.

Mr. Mergler, of the Union Savings Bank & Trust Company, a member of the Executive Council of the A. I. B., delivered a lecture on the "Science of Finance," the first of a course of lectures as prepared for the Post-Graduate Course. He handled the subject in a very comprehensive manner, and his lecture showed that considerable thought had been given to his subject. Through this lecture we gained some idea of the many questions involved, and of the broad subjects that could be touched upon in the broad field of banking. The lesson was taught that in order to understand the principles of finance, banking and currency that education is a necessity. Mr. Mergler gave the definition of his subject; pointed out the difference between public and private finance; re-

ferred to the history of revenue and made comparison between the fiscal systems of our Government as compared to that of Germany. He pointed out the difference between private and state finance; sounded a note of alarm concerning the increasing extravagance of our municipalities; made reference to the sources of public income; referred to the levying and collecting of taxes; the idea involved in taxation and the basis of taxation. While the lecture was necessarily a very long one, at no time did the interest in the lecture waiver.

Thomas J. Davis, cashier of the First National Bank and chairman of the Executive Council of the Bankers' Association, delivered some informal remarks at the meeting on December 10. These remarks contained a wealth of ideas for the bank men. Mr. Davis told how the evolution of banking life in Cincinnati would be a very good theme for development, and how the small bank of today was the large bank of the past, and in this evolution he referred to the broader questions of pyramiding and interlacing of deposits, and explained how all the elements in the development of deposits served a purpose, and in this upbuilding how the different units performed a certain function. Illustrating his lecture, he referred to a base from 5 per cent. to 6 per cent, which represented the cash reserve against deposits, and from this base drew an inverted pyramid with the apex thereof resting upon the base, and explained that the sides sloping upward and outward was an example of the ever increasing deposits, and referred to the great questions that presented themselves to prevent this structure from tilting from the one side to the other, and drew two vertical lines from a line on the cash reserve basis to the top of the illustration, and said that these two lines were public confidence. The great importance of confidence as a support to the volume of deposits was never explained in a better manner.

It is two years since our friend George E. Allen, of New York, the educational director, was with us. He also addressed the meeting at which Mr. Davis spoke, and made strong emphasis upon a knowledge of the essential fundamentals in banking. He referred to the only practical method through which educational progress could be attained. He referred to the great development of the Institute and of the seventy-five chapters which are now working upon a proper educational basis. If chapter activity does nothing else for its members, it develops the habit of study and the faculty of investigation. These attributes should be of especial value to chapter members in after life. He also made reference to the evolution which is now going on in banking, and to the opportunities that will necessarily present themselves through the distribution and classification of responsibility, to the well trained bank men. He told of how the interested bookkeeper in a bank, who by study and investigation, may be the first to detect retrogression in the account of one firm as compared with last year, and how the development of banking intuition will disclose irregular and kiting transactions. Mr. Allen told us how success in business or life comes from our own estimate of ourselves, but it is necessary that the estimate be a correct one. After Mr. Allen finished his talk, Mr. Davis, who was deeply im-

pressed with all that Mr. Allen said, remarked that if Mr. Allen attended all of our meetings, he would also be in attendance. Mr. Davis supplemented this statement by stating that it is necessary for a man to cultivate the feeling within himself for the kind of work in which our chapter is engaged. He then called attention to the opportunities which are presented to members in our organization, making comparison with the bank men of former years, who only had their education ground into them by the experience of years in practical service. It is Mr. Davis' opinion that the fundamentals of the educational campaign of the chapter are correct, and that since the campaign is based on correct fundamental principles, success should ensue.

CLEVELAND.

By P. J. Slach.

THE programmes of the Cleveland Chapter are proving very instructive and entertaining, the chairman having combined these features so beautifully with the educational predominating, that the attendance at our meetings is constantly growing.

On November 26, W. T. Walford, receiving teller of the Bank of Commerce, N. A., read a very interesting paper upon the receiving teller's department. It contained a true picture of the many phases of human nature presented at the teller's window. The presentation was vivid, and appealed to all the bank clerks.

C. R. Megerth, attorney for the Guardian Savings & Trust Company, made an able address upon the "Negotiable Instrument Law: Its History and Origin, Form and Interpretation." All (posers) that were offered by some of our troubled bank men were answered very creditably by the speaker.

An informal debate was also held upon the question: "Resolved, That banks should accept all ordinary foreign checks at par." The conclusion was self-evident. The general opinion was that each customer should bear his proportionate share of the loss in exchange. The most important feature, however, of these debates is not merely the question, but the training and practice in public speaking for the bank clerks.

On December 10 our veteran and friend, I. Freiberger, assistant trust officer of the Cleveland Trust Company, lectured upon the "Negotiable Instrument Law, its consideration, negotiation including endorsements." These lectures are proving a great profit and interest to the bank men, the topic and speakers being the important factors.

"The Bookkeeping Department" was handled by Thomas Champion, the head bookkeeper of the First National Bank in his own original and impossible to duplicate manner. He contrasted the present statements of account with former practices, noting the great improvements and giving due credit to the many modern appliances, which have come to the assistance of the bookkeepers, principally the adding machine. Furthermore, we wish to acknowledge with thanks the many courtesies that have been received by our chapter from the Burrough's Adding Machine Company.

The Programme Committee sprung a surprise upon the members which was not announced on the programme. They introduced P. A. Flak, the finger print expert who gave a very comprehensive account of his system, and also evidenced the effectiveness of his idea by a surprising demonstration.

Charles H. Hill, of the Lake Shore Banking & Trust Company, concluded the programme with a very pleasing vocal solo.

December 17 was the great stunt night. W. H. Kinsey, as chairman of the Entertainment Committee, out-did himself. All members, accompanied by their fair ladies, compelled the manager to hang out the S. R. O. sign very early. The programme was fine and attracted public notice in our local papers. The list of artists who participated are as follows:

Rocco Cafarelli.....Harpist
Joseph A. Monroe.....Black Face Comedian
(Accompanied by Mrs. May Long.)

George Pleasance.....Tenor
L. H. Stofer and T. W. Boutall,

"Those Cabaret Kids"
Burt S. Chamberlin.....Monologue
Miss Evelyn Decker.....Soprano
(Accompanied by Miss Fionnu Bessey.)

Charles J. Seegert.....Fire Club Swinging
Emil Taussig.....Pianist
A. I. B. Quartet.

George Pleasance.....First Tenor
T. W. Boutall.....Second Tenor
L. C. Haas.....Baritone
B. S. Chamberlin.....Basso

The chapter is also active in the study of the practical banking problems, and as the result of this endeavor, a committee was appointed to look into the method of collecting foreign checks as conducted by the New England States or Kansas City Clearing Association, and report upon the advisability of making a recommendation to our local Clearing House. This committee is composed of some of our most active and energetic junior officers. The personnel of the committee is as follows: Joseph A. Ward, assistant cashier of the Cleveland Trust Company, chairman; George Q. Hall, assistant cashier of the Bank of Commerce; J. C. McHannon, assistant cashier of the Central National Bank; B. A. Bruce, assistant cashier of the First National Bank, and W. C. Saunders, assistant cashier of the Union National Bank. Naturally the chairmen of the various committees, their assistants, and the members themselves have displayed energy in producing good results. The president has been busy in acknowledging the plaudits of those who comprehended what has been done, but failed to recognize that the accomplishments had been produced by the power, mental and physical of his most competent subordinates.

The Board of Governors in their last meeting authorized the president to express their condolence and sympathy to our old-time friend, Joseph A. Ward, in the loss of his dearly beloved mother. In the many busy cares we may forget ourselves in the world of life, but when such a misfortune comes to one of our friends we are strongly reminded of the tender bonds of the home and family. Your many friends, though it be in silence, share your grief with you.

CORRESPONDENCE.

By Warren Day.

A. J. YETTER, of the First National Bank of Rockaway, N. J., received his Institute certificate of graduation last month and was made cashier of the bank a few days afterward.

Correspondence Chapter students are asked to carefully read the following suggestions:

1. The pamphlets which constitute the Study Course of the American Institute of Banking have been prepared by the best authorities on practical banking and commercial law, experts who are actually engaged in the particular phase of banking which each pamphlet covers. Some are the product of several writers. The pamphlets are revised and improved, as occasion warrants, under the supervision of the Educational Director, subject to the approval of the Executive Council of the Institute.

2. The purpose of the Institute pamphlets is to supply specific information to give definite direction to the line of study and to inspire and develop in bank men the taste for inquiry and investigation into the intricacies, as well as the fundamental, facts of banking and commercial law.

3. The Institute pamphlets are not expected to supply the knowledge that can be gained only by actual experience. It is assumed that the student will apply and test his abilities by the everyday problems that arise at his desk or window. The bank becomes his class room and laboratory. He is dealing with fact, as well as theory. Each is important, and while he may get the one by the slow process of experience, he can get the other only by diligent study.

4. Many of the subjects are illumined by forms, both documentary and of accounting systems. In each case such forms are intended to be typical. It is especially important to bear this in mind in preparing exercises in which answers require the use of bank forms. Compare the form used in your bank with the one shown in the text. Note the points of similarity and of difference. Satisfy yourself which is the better as applied to your needs. Be sure you understand the specific purpose of each.

5. The lessons are to be studied, not merely read. Concentrate your mind on the subject matter before you. When you have finished, read carefully the exercises at the end of the text. If you are not certain you can, at that moment, answer them verbally refer again to the text until you can. It is not intended that you will always find direct answers there; many questions are included in the course which will require mental exercise.

6. In answering exercises be brief, but be thorough. Wordy paragraphs do not always imply complete knowledge. Avoid, so far as you can, using the direct language of the text, although this is not always possible or desirable. Do not quote entire phrases from the National Bank Act nor, on the other hand, hunt for synonyms that will appear to make your language original. There is a happy medium. Remember that you are not answering questions to give information to the instructor, but to test and demonstrate your own progress.

7. Write your answers on one side of the paper, either in ink or on a typewriter. Be neat and ac-

curate. The Institute Course has to do with neither spelling nor grammar, but the successful banker is concerned with both. Knowledge of English is not required of students in this course, but it is implied.

8. Ask questions as often as necessary, but confine yourself to the subject matter at hand. Feel assured of a close relationship and personal interest between yourself and the instructors and examiners. Suggestions and criticisms on your work will be returned with your exercises. A mark of 100 per cent. does not imply that you are perfect. No man may claim any such distinction. It means that the examiner is satisfied you understand thoroughly the lesson you have submitted. You will be marked on your originality, neatness, spelling and syntax, as well as the correctness of your answers.

HARTFORD.

By E. R. Barlow.

PUBLIC speaking! Do the chapters of the country experience the same results at their meetings as we have in the past, to wit: The same men always doing the talking? Do you know why? It is due largely to the fact that the men lack enough confidence in themselves to stand on their feet before an audience and express their opinions. Realizing this fact, our president, William C. Goeben, set aside two nights of the season for public speaking, at which some twenty men are to be selected to get up and give us a three-minute talk on any subject which he desired. Everyone with whom Mr. Goeben discussed his plan thought it a good idea, but said he wouldn't be able to get anyone to volunteer. In order to convince us that this was not so he asked twenty men at our last law class meeting if they would talk at our next chapter meeting, and he received an affirmative answer from each of them, though with some difficulty.

Now for the meeting of December 10. Every man with the exception of one, who was to speak, was there to meet his doom, as he thought, and furthermore, there were some fifty-odd more of the chapter members there to listen to them. Some of the speakers had thought it all a huge joke, but changed their minds when they stood up before the audience, and saw everyone looking at them. (I speak from experience.) To say that the event was thoroughly enjoyed by all, and was a success, is putting it mildly, when you consider the fact that all but one or two were not public speakers, having never before addressed a gathering of such size. The men who are on this roll of honor in order of their speaking, are as follows: Messrs. Outtrim, Bolles, Dimon, Dixon, Montgomery, Wilcox, Eitel, Barlow, Loomis, Ulrich, Peterson, Phelps, Garvin, Johnson, Eaton, and Bunce. One of these gentlemen was not on the original programme, but before the meeting, was heard "kidding" one of his friends, who was to speak, and was called on by the president to say something. Though he was unprepared, and had had no practice in the noble art, he acquitted himself in a very creditable manner. In fact, the spirit was so much in the air that several impromptu speeches were made.

C. T. Hubbard, of the Security Company, succeeded in convincing us that sometimes things are not what they seem by a very clever manipulation of cards, rings and money. He kept us all mystified for about half an hour, but didn't explain how he did his tricks.

An amendment to our constitution, providing for a Board of Consuls, similar to the one mentioned in the December Chaptergram from Pittsburgh, was adopted at this meeting.

H. M. Reed at the piano, and P. C. Boyd with a mandolin, furnished excellent music, and everybody sang at the same time trying to eat ice cream and cake.

The Law class is meeting every two weeks as per schedule and is proving very instructive. Our instructor, Mr. Joy, is keeping us on the alert by his very clever way of conducting the class. At one meeting he will follow the questions in the back of the pamphlet, and at the next he will cite cases from his law books and have us decide them.

The following men have been elected to the Board of Consuls by the men of their respective banks: E. W. Outtrim, Hartford National; S. G. Pierce, National Exchange; C. C. Bolles, State Bank; E. M. Becker, Connecticut River; W. J. Reid, Charter Oak; W. F. Lawson, First National; H. T. Holt, Aetna National; A. D. Johnson, Phoenix National; A. H. Newton, Connecticut Trust & S. D. Co.; C. A. Hunter, Hartford Trust; C. T. Hubbard, Security Co.; P. C. Boyd, Riverside Trust; W. J. Montgomery, Fidelity. In all the banks where there are four or more members, the elections have been held. The appointments for the remaining institutions are to be made later by the president of the chapter.

JACKSONVILLE.

By J. E. Stephenson.

NOTWITHSTANDING the fact that we are in the midst of the holiday season Jacksonville Chapter continues to pound steadily along with the Institute Course of study, and during the past month we have taken up the pamphlet on "Banks and Banking." By an almost unanimous vote taken at the meeting of Friday, December 20, it was decided to change the class night from Thursday to Friday in each week, as this seemed to be the most convenient night for the majority of the members. This matter has long been a bone of contention, and now that it has been settled to the satisfaction of the greatest number it is only reasonable to anticipate that we will have even better attendance in future at the classes.

On December 26 Prof. Wilbur, of the Duval High School, gave a very instructive address on "The Educational Phase of Banking," and although this meeting came immediately after the Christmas dissipation the members turned out in goodly numbers, and no doubt derived considerable benefit from the professor's remarks.

We expect within the near future to have another adding machine contest, using transit machines. It is also rumored that several of the bank officers expect to offer prizes for the best papers on three subjects to be selected from the matter already covered by the chapter.

MILWAUKEE.

By J. G. Swift.

THE first lecture delivered before Milwaukee Chapter this season was "Hawaii: A Geographic Interpretation," by Dr. J. Paul Goode, of the University of Chicago. Dr. Goode was welcomed by a very respectable crowd as a result of the great satisfaction given by his previous stereopticon lectures before the chapter. In his fluent style supplemented by his very excellent pictures and maps Dr. Goode was able, in a short time and in a very interesting manner, to give us a great deal of information about the Hawaiian group. Beginning with the manner and nature of the formation of the islands he traced them down to their present stage with a short and favorable history of their people. He spoke briefly of the resources of the islands; of their American exploitation; of their valuable location with reference to the commerce of the Pacific Ocean, and of the very effective fortifications the United States has placed there. That Dr. Goode's lecture was well received was shown by the criticism on all sides that "he didn't talk long enough."

On Friday evening, December 13, Prof. R. H. Hess, of the University of Wisconsin, read before the chapter his paper on "Public Interest and Private Right in Business." Prof. Hess traced lightly the growth of "Public Interest" and "Private Right" since the time when individuals first began to live in communities. He pointed out that the so-called "inalienable" or "natural" rights are simply privileges which have been conferred by society from time to time. He showed how, as the world population grows larger and the urban population increases, the tendency of modern life is towards ever greater complexity. Thus, while at times there is a clear distinction between "Public Interest" and "Private Right," they are at other times so bound together and interwoven that it is impossible to separate them justly.

After Prof. Hess had finished his paper we were given a short informal talk by George E. Allen, educational director of the Institute. Many of our men who heard Mr. Allen that night for the first time were deeply impressed by his explanation of the purposes of the Institute—just what could be expected of it at present and what its future development should and must be. Those who heard Mr. Allen must have come away with a realization of the worth of the Institute, a broader conception of "Banking Ideals" and a brighter outlook upon the future.

MINNEAPOLIS.

By J. G. Maclean.

GEO. H. RICHARDS, for a number of years assistant treasurer of the Farmers & Mechanics Savings Bank of Minneapolis, but more recently a resident of Anoka, where he has been in the automobile manufacturing business, was recently appointed secretary of the Minnesota Bankers' Association, succeeding Chas. R. Frost, resigned. Mr. Frost will remain at the Minneapolis office of the association for a short time to close up matters in abeyance. He will then go to New York to become treasurer of the National Surety Company. Mr.

Richards is one of the original Institute men, having been president of the National organization as well as president of Minneapolis Chapter.

NEW ORLEANS.

By W. W. Sutcliffe, Jr.

THE past month for the New Orleans Chapter has been an exceedingly bright one. Our last meeting was excellent; every chair was taken and there was an expression of enthusiasm on every face present.

The chapter nominated three candidates for the Fellowship class to be elected by the Executive Council: Robert Palfrey, of the New Orleans National Bank; F. L. Ramos, auditor and chief clerk of the German American National Bank, and John Dane, of the Hibernia Bank & Trust Co. and vice-president of the New Orleans Chapter. These gentlemen are real Institute workers; they have, and are still doing all within their power to help the New Orleans Chapter, and never falter when called upon to assist. They are most deserving of the distinction of "Fellows of the Institute."

We are very much encouraged by the application of eight students of Tulane University for associate membership. Their prime object is to take advantage of the "Practical Banking" discussions conducted by Prof. R. S. Hecht. We believe that this is the first instance where university students have taken advantage of discussions conducted by practical bank men, and we are certainly delighted to have them with us. Our last lecture on "Loans and Discounts" was very instructive. It seems as if the classes this year are free from "curiosity seekers," and every one is anxious to get all there is, so to speak, out of the lectures.

NEW YORK.

By Harold S. Schultz.

IT might seem at this season of recount and good resolutions that a brief retrospect of the "doings" of our chapter, for the past year, would be appropriate; and there are many good things, and for them we are duly thankful, which, because of the press of other matter and the general necessity for accomplishing a number of things almost at the same time, have doubtless been omitted in our monthly "report." Now would be the time to bring such items forward and gladly would we do so but for the fact that there are such a large number of new affairs of equal, if not of greater importance, which must have first place.

In addition to the regular Monday, Tuesday and Thursday evening lectures, which by the way are holding their own well in the matter of attendance, we have again had the pleasure of listening to a series of lectures on Commercial Law given by our old friend Professor Leslie J. Tompkins. Interesting and helpful as usual, his course this year can be made doubly valuable to those who follow his new book in conjunction with the lectures. The title of it is "The Law of Commercial Paper."

The Forum Night is now well under swing. Mr. Cox has prepared for use in this course a detailed

outline of the material to be covered and one member of the class is delegated to lead the discussion for each meeting. Meetings are held on alternate Friday evenings. All graduates of the American Institute of Banking are entitled to register in this course and to take the examination on the subject in the spring. A cordial welcome to attend is extended to all members of the A. I. B., who may desire to get more in touch with the historical significance that banks and banking hold in the community.

It is a great pleasure at this time to be able to present to the members a number of new plans for the remainder of the season. We hope in this way to hold our large classes to the end and to be able to register a larger number of men in the Second Year Class of next season than are at present enrolled.

We have obtained for the use of each registered student in the Practical Banking Course the series of pamphlets issued by the Institute covering the work. The material furnishes a complete and excellent outline, which will supplement the lectures, thus giving to any man who takes this course a chance to become thoroughly familiar with it.

To savings bank men who do not feel themselves deeply interested in the general principles of banking as expounded by our lecturers in the regular courses, a series of lectures dealing with the particular subject of savings banks will be given probably on alternate Friday evenings beginning early in January. The course will be under the direction and leadership of V. A. Lersner, assistant cashier of the Williamsburg Savings Bank; a more detailed explanation will be given in the near future.

For credit men, a course of instruction will begin on some Wednesday evening early in January, and will continue on alternate Wednesdays probably for the remainder of the season. The work will be under the direction of Charles E. Meek of the Fourth National Bank, now lecturer on this subject for the Young Men's Christian Association. This course will be open to credit men of institutions other than banks, in order that the advantage of observing the different points of view of different lines of trade may be gained.

Chapter Night on December 17 was largely attended and thanks to a most attractive program which was most enthusiastically enjoyed.

The regular lecture of the Practical Banking Course which holds forth on these Tuesday evenings, dealt with the subject of secured loans and was given by C. C. Seifert of the Fourth National Bank.

Immediately after the lecture followed the regular business meeting of the chapter. A number of interesting points were brought up, discussed, and decided upon. Mr. McWilliam then introduced O. H. Cheney, president of the Pacific Bank. Mr. Cheney spoke for a short time on the opportunities and advantages to be gained through membership in this organization. As one of the pioneers in this work and a man of considerable experience Mr. Cheney was well qualified to instill inspiration in the hearts of those who listened to him.

Following Mr. Cheney's address the members were treated to a short entertainment consisting of a very creditable piano selection rendered by Mr. Schaible of the Fourth National Bank and a number

of excellent tricks to prove that the "hand is quicker than the eye," performed by G. Leroy Johnson.

From the point of view of instruction and good fellowship this meeting was indeed a great success and it will go a long way to keep up the general popularity of Chapter Night.

H. F. Poor, formerly treasurer of the Lincoln Trust Co., is now vice-president of that institution.

J. H. Case, formerly vice-president of the Franklin Trust Co., is now vice-president of the Farmers Loan & Trust Co.

Ralph Dawson of the Guaranty Trust Co. is now auditor of that institution.

Charles F. Minor of the Columbia-Knickerbocker Trust Co., has been elected a member of the Board of Trustees of the North Side Savings Bank.

OAKLAND.

By S. C. Scott.

INFORMAL, but none the less entertaining, was the regular monthly meeting of the chapter held December 19, 1912. The Educational and Entertainment Committees joined hands and served up a six-course program that could not but satisfy all temperaments and dispositions. Even our few chronic dyspeptics would have been able to retain and assimilate this very delightful mental banquet. We notice that two of our four grouches were there and even took part in the hand-shaking and hand-clapping, which was "going some" for them. I think we can safely count but two in our grouch membership list from now on. One of these two once said to a fellow member upon the day preceding a general meeting, "I'm not going to the meeting tonight." In great surprise his companion asked him: "Why, are you going to be out of town?" thinking, of course, that nothing but an act of Providence could keep any member away. The reply was: "No, I'm just going to stay away to spite the fellows." Now, to the minds of most of us, that was the greatest joke of the season, for the only man who lost anything by his absence was the gentleman himself; in fact, the pleasures of the evening were intensified for those present by his absence.

Now for the program. The Commissioner of the Board of Public Works, Mr. Anderson, outlined in detail the gigantic operations which are being carried out at the present time in the development of our western waterfront. He also went into detail with reference to the construction and material used in our new City Hall, a three-million-dollar building, which is nearing completion, the cornerstone of which was laid by President Taft a little more than a year ago. Our good friend Dr. Crawford favored us with a number of songs, which were highly appreciated and loudly applauded.

T. J. Casey, secretary of the Tax Payers' Association, then outlined the plan which had been carefully prepared by the Association's Committee after several months of investigation into the methods now employed in the operation of our city and county governments. His figures showed that more than ten million dollars were required to cover the office expenses last year. Much of this work was being dupli-

cated through lack of system and a united city and county government. Mr. Hall, of the Oakland Bank of Savings, and Dr. Crawford then sang several numbers, the final being "The Stein Song," and all joined in singing the chorus, "For its always fair weather, When good fellows get together, etc., etc."

The last number of the program consisted of one hundred lantern slides showing California scenery in natural colors, and while many of the views were of places familiar to some of us, they were all very interesting. These scenes were of mountains and valleys, rivers, and camp scenes and the colors were as absolutely true to life as is possible for an artist to make them. This last part of the program was the next best thing to having an outdoor vacation, which, by the way, is almost as common in California at this season of the year as at any other time.

To leave off without mentioning the class in Banking and Finance and Banking and Commercial Law would be like quitting one's dinner before the dessert has been served. The attendance this year is three times what it has ever been before. Just to show the possible value which one may derive from this study I will repeat what one of our chapter's past presidents said to me a while ago; the gentleman is no longer directly connected with the banking profession but is an ACTIVE associate member and fills a prominent position in one of Oakland's large corporations. He said: "One little thing which I learned in our Commercial Law course, and recalled to mind the other day when we were about to close a deal of considerable magnitude, saved us just twelve hundred dollars; pretty good investment, don't you think?" As evidence of the kind of men our chapter is turning out, I will merely mention our past presidents, showing that our members are not one-sided or limited, but capable of filling useful and important field of service in various lines of activity. Mr. Veltech, first president and organizer of the chapter, is now partner in a large and growing builders' supply business. Our second president, Mr. Cerini, who also served for three years on the National Executive Council, continues to fill the important position with the Oakland Bank of Savings, the oldest and largest banking institution in Oakland.

Mr. Millican is now filling the important position of surveyor for the Vulcan Fire Insurance Company. Mr. Dunsmoore is one of the representatives of the Realty Syndicate, the largest holders of real estate in this part of California, if not on the Pacific Coast. Mr. Downing, after filling a number of important semi-public offices in Oakland, has recently been made secretary of the Oakland Hotel Company, which owns and operates the magnificent new two-million-dollar Hotel Oakland. This hotel is without doubt the finest and most modernly appointed of any hotel on the Pacific Coast.

Our present president, Mr. Caldwell, is assistant secretary of the Oakland Bank of Savings, which office he holds through faithfulness and efficiency. Both characteristics we attribute in part at least to his associations with the Oakland Chapter. Several other members who have been and are still active in chapter work have been promoted to official positions in their several banks, and, as one of our Pittsburgh friends has said, "it behooves the present incumbents of other

official positions to sit tight," when you observe the greatly increased interest which is being shown by the entire chapter membership in self-development along scientific banking lines.

OMAHA.

By W. O. Liljenstolpe.

AFTER two years of inactivity, the Omaha Chapter of the American Institute of Banking, through the efforts of Ezra Millard of the Omaha National Bank, J. B. Owen, Stock Yards National Bank, and G. H. Yates of the United States National Bank, held a reorganization meeting, on October 15, 1912. At this meeting the following officers were elected for the ensuing year: President, G. H. Yates, with United States National Bank; Vice-President, W. H. Dressler, with City National Bank; Secretary, W. O. Liljenstolpe, with United States National Bank; Treasurer, K. W. Lindquist, Stock Yards National Bank.

The chapter was fortunate in securing the services of Ed. M. Martin, who is attorney for the Nebraska Bankers' Association. Mr. Martin will conduct a series of lectures on the Negotiable Instruments Law, the first two topics being the "Law of Checks" and the "Law of Deposits." Education will be the aim of the chapter. A question box is one of the important factors of each meeting. Having at the present time an enrollment of seventy-five members, we expect to have a good active chapter in a short time.

PHILADELPHIA.

By C. A. Faloan.

PHILADELPHIA CHAPTER at its regular monthly meeting on Friday evening, December 6, had the pleasure of listening to two of the best addresses we have enjoyed this year. The speakers, too, seemed happily booked, for both were native Philadelphians and enjoyed an "Old Home Night."

The first address by H. S. Mott, manager bond department Bankers Trust Co., New York City, took for his subject "Investment Analysis: Its Principles and Methods." He handled this very intricate and intensely interesting subject with the skill of a master and showed the greatest familiarity with the many phases of the big task of learning why and how investments are determined to be either good or bad, safe or unsafe, profitable or unprofitable.

It was by far the best talk heard along these very important lines, this season, and Mr. Mott is to be congratulated on having migrated to a field that has afforded him such great opportunities for the application of his natural analytical endowments, which in a measure should compensate him for the misfortune of having been called from good old Philadelphia.

A severe arraignment of present methods of tariff-making, especially as illustrated by the Payne-Aldrich Law, was made by the second speaker, Professor C. W. A. Veditz, of the George Washington University, former chief examiner of the United States Tariff Board, in an address on the "Proper

Functions of a Tariff Commission." As the speaker was connected with the Tariff Board at Washington until its abolition last summer, his references to the work of the Board were of peculiar significance.

He regretted that the Tariff Board had had "saddled upon it from the start the incubus of an absurd theory of tariff adjustment, namely the so-called comparative cost of production theory of protection, according to which the tariff should be so adjusted upon each article as to impose a duty equivalent to the difference between the domestic and the foreign cost of production, plus a reasonable profit for the American manufacturer." Despite its appearance of scientific accuracy, this cost of production theory, said the speaker, was arrant nonsense. No permanent branch of the government should have its work and investigations shaped in the light of a partisan and impossible economic theory; and in the last analysis it was this misfortune that probably led to the abolition of the Tariff Board, which could certainly have performed a multitude of useful services regardless of the dominant political situation.

The Payne-Aldrich Tariff, said Dr. Veditz, was the result of nearly three years' deliberation on the part of the Republican Congress. There was less haste in its enactment than in that of most tariff laws. The Democrats were too weak and too divided at that time to have any effect whatever upon shaping tariff legislation. The act was the best that under prevailing methods could have been obtained; but these methods are defective and inadequate, not to say vicious, beyond expression. The Ways and Means Committee could not and did not obtain anything like an adequate knowledge of the factors involved. As in previous years it had to rely upon ex parte, conflicting, misleading and incomplete testimony. The committee was deliberately misled in a number of instances. The debate on the bill in the House was a curiosity in the history of fiscal legislation. There was no opportunity either for genuine argument or for amendment of crucial paragraphs.

Whether we are to have a tariff for protection or a tariff for revenue, there ought to be devised some means for collecting information about industrial conditions at home and abroad and the effect of different tariff rates upon them. A Tariff Board could help revise the present obsolete classifications; it could translate the tariff into plain English; it could show the relation between duties and prices; it could help educate congress and the people as to industrial conditions here and in competing countries. What is needed in our tariff-making, whether for revenue or protection, is more light—more adequate and reliable information. Now there is no way to get it, and Congress and the people are at the mercy of schemers and corruptionists.

Among the committees everything is activity. The Speakers Committee promise a long list of "Head-Liners"—extending well into the new year. The Educational Department is now in full swing, the classes being the largest we have enrolled in our history. The debating section working under the revised rules as outlined in the December Journal-Bulletin are now down to real work preparing for several important debates.

The Chapter Year Book has been completed and

is now in the hands of every member. It reflects great credit on the committee, being at once complete and compact. It would seem that this feature of chapter work is never fully appreciated by the members at large of most chapters. The men having this work in charge are required to give a great amount of time and labor to the task of completing the year book and deserve the greatest praise for its accomplishment.

The Membership Committee are still actively engaged in their crusade and report 185 new members to date.

PITTSBURGH.

By W. J. Kerr.

ON the evening of December 17, Pittsburgh Chapter was addressed by Hon. Lawrence O. Murray, Comptroller of the Currency. A large and attentive audience taxed the chapter headquarters to capacity, and the address proved most instructive. The points discussed were readily caught, the delivery being distinct and the argument conclusive.

At the outset the speaker intimated his intention of showing the results which had followed his introduction of certain new methods in the administration of the office of Comptroller of the Currency. He invited attention to the lamentable fact that for fifty years no legislation had been enacted conferring any additional authority on the Comptroller in order to assist that official in the discharge of his multifarious duties. In this respect the Federal Law was far behind the laws of many states. State banking supervisors and superintendents had had conferred upon them, from time to time, such legal authority as seemed necessary for the safe, business-like and proper enforcement of the banking laws of their respective states. The result of such legislation had proved highly beneficial. The powers of the Comptroller, however, remained, with perhaps one exception, exactly as they were at the time of the enactment of the National Bank Act. Obviously, many of the recommendations issued from the Comptroller's office lacked the necessary degree of positive legal backing to make them operative. The "controller" of the banks met everywhere the assertion, "You can't do it; the law does not give you the authority."

Again and again the Comptroller asserted that half the ills from which the National Banking System suffers could be prevented, if at the time applications for chartering banks are being considered, certain facts respecting the applicants, the necessities of the communities affected, the reasonable chances of successful or unsuccessful operation, etc., were taken into account before the applications were approved. In this connection the Comptroller detailed the various lines of enquiry pursued by his office upon the receipt of charter applications. It appeared that bank promoters are carefully guarded against, that the State Bank Supervisor of the territory concerned is consulted, and that in many respects the exigencies of the town or district of location are carefully inspected. On the result of these enquiries will depend the granting or refusal of the charter.

Before granting the charter was, said he, the very best time at which to meet and repel the mischief, not after organization.

Comptroller Murray discussed at some length the means which he had adopted in obtaining a higher reserve, and a lower overdraft. The ruling of the Supreme Court of the United States regarding the latter was quoted, and it was shown that a substantial reduction in the amount of overdrafts had been effected recently. As to reserve, banks which had long been offenders in this respect found it was more profitable to increase their reserve and to continue to be "approved as reserve agents," while the "boarding" in country banks of bank examiners was a proposition which did not appear as acceptable as living within the law.

In the matter of bank examination, some improvements of note were, it was stated, introduced. Until very recently no bond was required of examiners, no oath of office, and, in fact, not much ability in some cases. The Comptroller had not the "legal" authority to exact a bond. A bank examiner was not a government employee, so that an oath of fidelity was out of the question. Such was ever the contention of the foes of progress—everything was impossible because the Comptroller had not the positive, enforceable law at his back. It is probably true, that the good results of the able and business-like administration of Comptroller Murray are seen to best advantage in the matter of the organization, methods and equipment of the examiners. These officials are now under substantial bond, are now pledged by oath for the faithful execution of their duties, and, before being put in the field, undergo an oral and written examination as to their ability to perform their work in an intelligent, painstaking, and practical way. Slipshod methods have given place to accuracy, more time is devoted to the work of examining the bank, the bank's officers are consulted upon matters which may call for comment, and in many ways examinations are of a higher, more effective, and more satisfactory nature.

In concluding his interesting and instructive address, the Comptroller alluded to his efforts to "localize" bank directors, so that at least a majority of the bank's directorate should be resident in the district or town in which the bank was located. A large number of banks in the National System had never used by-laws, and in this direction the Comptroller related considerable improvement. His object had always been to administer his office in a manner calculated to assist the banks, the depositors, and the public, by ensuring a healthy birth and steady growth of all the institutions under the National System.

It was clear that the work of the Comptroller of the Currency had gotten results.

Great interest is being taken in the Cincinnati-Pittsburgh debate, which will be held at Cincinnati on Wednesday evening, February 12 (Lincoln's birthday). Two special cars will leave Pittsburgh, Tuesday evening, February 11, and returning will leave Cincinnati 12.01 on the night of the 12th. On account of the holiday a large crowd will accompany the Pittsburgh team. The subject of the debate is: "Resolved, That the existing systems of banks, trust companies, savings institutions and in-

insurance companies, are capable of properly financing agriculture in the United States."

A debate between Chicago and Pittsburgh Chapters has been arranged, and will take place about April or May, at Pittsburgh, subject to be chosen later.

Pittsburgh Chapter will defend the silver cup it now holds, before the next Pennsylvania Bankers' Association convention, against either Philadelphia or Scranton.

Thos. E. Dockrell of New York City will address Pittsburgh Chapter on January 7.

PORTLAND, OREGON.

By E. C. Sammons.

STUDYING with avidity, attending the lectures regularly and showing keen interest in the work, Portland (Oregon) Chapter has buckled down to hard work in the American Institute of Banking educational work recently started. An average attendance of more than 50 bankers is the record thus far, which is history-making for Portland. Three lectures on the first text-book, "Wealth and Money," have been held, Lydell Baker, editor of the "Pacific Banker," being the lecturer. Several reviews of the work already done will be held to enable all the bankers to catch up with the first in the class. At the beginning of the year Portland Chapter requested 25 sets of text-books, but so great has been the enthusiasm in the work it was necessary for President T. H. West to wire for an additional allotment of 50 sets of books. This supply has been nearly exhausted and in all probability the class ere the winter is over will number 100 or more.

C. S. Loveland, Portland Clearing House Bank Examiner and former National Examiner for the State of Idaho, will conduct the class through the chapter having to do with "Banks and Banking." Edward Coothingham, vice-president of the Ladd & Tilton Bank, and J. L. Hartman, of the Hartman & Thompson Bank and president of the Portland Clearing House, will be among the other lecturers. Officers of Portland banks are showing some considerable interest in the study work being done by the employees of their respective banks, bringing out better results from the students.

The educational course work began December 10 with Lydell Baker in charge. Lectures are held each Tuesday afternoon from 5 o'clock to 6 o'clock. Following Mr. Baker's address and beginning at 8 o'clock, J. F. Daly, president of the Title & Trust Company, spoke at length concerning "Certificates of Title," his remarks being followed by a concert by Ashworth's orchestra of eleven pieces. There was an attendance of 60 members.

In line with the general educational campaign being conducted by the chapter, a stereopticon lecture on rubber culture was given by C. V. Cooper, secretary of the Castilloa Rubber Plantation Company. About 60 slides were shown and Mr. Cooper's slides and talk carried one through the evolution of rubber goods, from the process of gathering the sap to turning out fountain pen barrels at the manufactory. The scenes embraced in the lecture were in Mexico.

Seventy couples attended the annual American

Institute of Banking ball held in the Multnomah Hotel ballroom, Wednesday evening, December 4, and it was one of the most successful parties held by the Institute.

RICHMOND.

By John S. Haw.

"SPIRIT OF '76." This expression is often used by public speakers when they wish to emphasize that it is the purity of thought and purpose and the hope of being independent which must inspire men to do their best. Our forefathers had this inspiration; it made them forget themselves and the hardships they were forced to endure, pressing on with the purity of purpose for independence, which finally came at Yorktown. When the names of the applicants for membership were read at the last meeting of the Board of Governors, they numbered an even seventy-six. Somebody said the "Spirit of '76." It is to be hoped that these seventy-six men have been inspired by the same noble thoughts which prompted our forefathers. They have joined the Richmond Chapter, with their thoughts centered on banking, for the purpose of studying it as a profession, and some day becoming capable of being independent of the yoke which holds a man in the old rut—the rut of not knowing the work ahead, or the broader side of banking. When we have accomplished this, and at the same time broadened ourselves, then we will become independent. Our employers will recognize it, and we will be rewarded accordingly.

The informal talk by George H. Keesee at our last meeting on the new statement system recently inaugurated by the Merchants National Bank was thoroughly appreciated by those present. Mr. Keesee explained the advantages of such a system both from the standpoint of the depositor, as well as the bank. The machine made by the Burroughs Adding Machine Company especially for this purpose, exhibited after the meeting, was conclusive evidence that the statement system is both a time and cost saver, as well as a step forward, namely: the proper handling of checks and deposits, which has occasioned no little controversy to the banks throughout our country.

George Bryan, often called "The Chapter's Best Friend," gave the first of a series of lectures on "Negotiable Instruments" at our meeting held last Tuesday. Mr. Bryan spoke of the essential elements of a negotiable instrument and explained in detail the difference between a negotiable and non-negotiable instrument. He took his hearers straight from the start and before the session closes expects to complete the Negotiable Instrument Law, and touch upon the "Laws of Banks and Banking." Every bank man should hear these lectures, and it is hoped that all will avail themselves of the opportunity, as there is none better equipped to instruct the bank clerks of Richmond than our Mr. Bryan.

A bunch of husky fellows, from the First National Bank, feeling that they had an over-supply of "pep," got busy the other day and formed a football team and forthwith sent a challenge to the strong Barton Heights team, which was promptly accepted. The game was staged last Saturday on the Barton Heights gridiron and some of the fellows who

thought they could "come back" are still feeling the effects. Besides being handled very roughly by the Barton Heights aggregation they were defeated to the tune of 6 to 0.

SAINT LOUIS.

By W. C. Unger.

MORE interest is being shown this year in the "Banking" and "Law" Courses being conducted by St. Louis Chapter than any series of lectures has heretofore aroused. The practical value of the knowledge gained at such a nominal cost has been a revelation to those hitherto unfamiliar with these discussions and has served to arouse enthusiasm in certain quarters where absolute indifference to chapter work has been the rule. The pamphlets provided by the Institute are followed, and as the classes are conducted on the "quiz" plan, members find themselves acquiring greater ease in expressing their thoughts "from the floor," which is not the least of the good results accomplished. While some of our boys have undertaken to attend both classes, quite a few find themselves busy enough with one of the Courses. A debate between members of the two classes on some chosen subject is to be arranged shortly.

The usual addresses on various subjects by men of prominence in their respective fields of endeavor have not been a feature of this year's meetings, our time being very closely devoted to these Courses of study. The able lecturers in charge are making them of absorbing interest while the sessions are often enlivened by the novel theories propounded by some of our embryo financiers.

Our library has been removed to the central branch of the public library and the special arrangements made for the convenience of chapter members has proven of great benefit. The chapter has been relieved of any concern as to care of the books and they are readily accessible to the members. Our officers are to be congratulated on their success in affecting this change.

The annual dance of the chapter has always been a very successful affair and our increased membership warrants the hope of a better attendance and the usual delightful evening at the dance which is now under way for some time soon after the holidays.

SALT LAKE CITY.

By Frank Beckwith.

ANOTHER name has been added to Salt Lake's roll of honor! Another chapter member has been advanced to an executive position! Q. B. Kelly has been appointed cashier of the Citizens State Bank of Bingham, Utah.

Salt Lake Chapter has a goodly number of men who have achieved the revolving chair, and it is proud, not only of the number, but more so of the quality of the men. Its roll of honor is composed of men in the largest of the big city banks, as well as cashiers of the outlying country banks, so that the names are representative. These men now holding executive positions were all active members of Salt Lake Chapter, and their interest still clings to and

centers around its success; they are not scant in their presence at its meetings, and in their encouragement to others who are striving to attain chapter achievements, the part the Institute played in helping them to help themselves is most freely acknowledged.

Early in the life of Salt Lake Chapter, "The Where of Institute Work" was fully comprehended by such men as Badger, cashier of the Utah State National; Whitney, cashier of McCornick & Company's, and Mabey, cashier of the Bountiful State Bank. These men saw in chapter affairs what they wished to achieve; an ambition they wished to accomplish; they saw a means to secure recognition, and they worked it out. In striving for recognition among their employing bankers, they received recognition from their fellow members, whose appreciation of the fitness of things expected their promotions before they were made. Innate manliness manifests itself wherever the man is, and the natural born leader strengthens himself with each leadership.

Salt Lake Chapter owes much of its existence (if, in fact, not all) to former members now in the roll of honor. There was a period when interest waned, when only the obseques were needed to make the burial formal; then, by the efforts of its active members, a new life was injected. In the flood of this greater enthusiasm, the influence and work of a four horse team of members brought about more for Salt Lake Chapter than had ever before been accomplished. We refer to the work of Kelly, Mabey, Ball and Saville. The convention here last summer was the fruits of their labors, accomplished with Kelly in the chair, supported by Mabey, Ball and Saville as delegates, and, as a culmination of the whole, the fruits of reward came when Kelly was elected to the Executive Council of the Institute.

Salt Lake Chapter owes much to Kelly, which it gratefully acknowledges, and through these columns we hasten to congratulate him on the present recognition of merit. We hope that following this opportunity, a larger and broader horizon will await him, and that his growth will be completed in fields large enough to fully absorb his best endeavors. There are a number of delegates who came to this city in August whose personal acquaintance with Kelly covers more than the last convention, and it is with pleasure that we inform those friends of his promotion through the columns of the Journal-Bulletin.

In every appointment to executive position we see possibilities opened to each of us. Success is all a matter of relativity and a comparison of the degree of achievement. Some of us are drawn to one thing and some to another. One is attuned to one note and another to another, and whenever our key note is sounded the man within, attuned to that tone, vibrates in harmony. The degree of success that is open to us invites effort to achieve it, and as varied as are differing ambitions, there are as many varied factors in the Institute to touch the mainsprings of action. The present occasion is so suggestive—a promotion to a chapter member, the very aim of the chapter, its basic need and its goal—that it prompts a review of the Institute Course. Then let us see what the Institute is and what we ourselves should see in every promotion.

There is no organization in any of the chapter cities that offers so much to its members as does the American Institute of Banking. Founded by the employing bankers themselves, a section of the American Bankers' Association, a member of the various State Banking Associations, conducted entirely for the social, moral and working education of bank clerks, its whole purpose is to help young men to help themselves, and that by systematically directed efforts they may become more efficient and better qualified for promotion. Rarely, very rarely, is an organization fostered by employers to benefit employees. Bearing this idea first in mind, which we must keep ever to the fore, let us turn in detail to the features of the chapter from which the young man may select his most cherished desire. Abraham Lincoln said: "I will get ready; perhaps my time will come." And no more fitting quotation can be used to introduce the purpose of the two years' study course of the Institute.

Beginning with "Wealth and Money" what man among us who has not some standard book or books among his few or many to supplement the text of our pamphlets? If economics appealed to him in his more extensive reading, the first chapters of our course started the train of his thoughts in review, tested his powers of recollection, and a man buttressed by absorption of thoughts from eminent writers soon finds himself on his feet to enlarge on the quiz questions of the instructor. Better still if that man have retained a ready digest of ancient history. At the meager sentence in our text on consumption reading, "The reasons for the rise and fall of nations throughout all history may be found in the character of consumption as in no other phase of their existence," he is able to rise in easy mastery of his powers of recollection and cite the career of effeminate luxury leading to the downfall of Assyria, Persia, Egypt; he even finds it necessary to check the flood of illustrations coming to him from the text of Grote on Greece and Gibbon on Rome that he may sort out and choose the most applicable; even in purely economic technicalities, because of his large range of reading, he is able to amplify on the text, and quotes deductions arrived at by authors of repute. Possibly he may have the fascinating way of telling his fellow students so that it carries sustained interest, that the sea-roving Phoenicians worked up an alphabet from Egyptian sources, which they gave together with rudimentary bookkeeping (both necessary to keep track of their barter and sales) to the Greeks, and that both these maritime peoples most fittingly illustrate the text that "Trade was international before it was national." If a close student of his dictionary, and with only a hazy remembrance of long-forgotten Latin of school-boy days, he knows the word *impecunious* (used to denote our chronic condition singly and collectively) is *im* (negative), + *pecus* (cattle wealth), and that the first chap, who instead of carrying a half dozen oxen at his girdle, passed his dickered neighbor the "struck-off token of value" of an ox, established our future *pecuniary* relations, and when he further followed that step by redeeming the credit instrument he had issued, paved the way for paper money, negotiability, and our whole great banking system; and our word "Mint"—the first

Roman coins were struck off in the temple of Juno Moneta, and we've been admonished ever since to lay in a goodly store of the current coin of the realm. Given even the least rein, one finds plenty of interesting matter. It is not the dry rattle of bones, nor the repelling subject it may be thought, but when properly taught, alive with interest, replete with allusion, and fascinating. The young man who would not be eager to delve into that "ample page, rich with the spoils of time," must certainly have had dullard numbskull professions in his youth whose atrophied imagery was ossified.

The first pamphlet is the only one flying the scarehead "Economics." After that the lessons leave cloudland, if so you wish to call it, and walk behind the counters of the bank with you, elbow to elbow with your dally work. There is no place for an excusable lack of interest anywhere during the course, and least so in this opening lecture, which you may easily see by what has not been said, but which could be mentioned, has been more culled and lopped than built and expanded. The best part of any book is what may be read into it. As proof there is Hubbard's Essay on Silence.

The first year's Course is on "Wealth and Money," "Banks and Banking," "Bank Accounting," "Loans and Discounts," "Stocks and Bonds," "Clearing Houses" and "Trust and Savings Institutions." As to what the chapter does with these subjects, send postage to New York, Boston and Chicago, and ask their chapters to send you their booklets; then sit down and envy the members in those cities their opportunities to learn under those courses!

You've noticed the cuts illustrating the Sheldon Salesmanship Course, haven't you? "Are you drifting or rowing?" was a strong one, wasn't it? Or you've noticed that illustration of a large publishing firm showing a young man addressing the older heads around a director's table, and underneath the words "The opportunities for the young man who knows." Now the young man in the banking business who has decided to quit drifting, and is determined to know, will take every means of help, and his first choice is, (and should be) the chapter. There, from the duties of messenger to teller, from assistant cashier to president, from first entrance into a bank to its final position, just as much is given to the detail of each department as it is thought the young man will study weekly. Surely in that range of subjects your ambition can be kindled. We are kindred, and let us pick out for you the appealing feature.

This is as various as the varieties of dispositions, tastes and phases of ambition. Of all classes of men, the least "to be written down to" are bank clerks. Chosen from the oldest and best families, selected as to personality, weighed as to character, they are the siftings from the better young men of the community; well educated, alert, quick in mind, industrious, ambitious, they have the ability to do the immediate, and the capacity for the larger remote. These men demand a high standard, they live a high standard, and they are high standard men. Among so many men of high accomplishments, actuated by high ideals, and working for high places, they are not all absorbed in the pursuit of any one thing. To our members who are not active, and to eligible young

men not members, let us together find in the following presentation of the chapter what appeals to you, that from within your inertia will be overcome and we will both gain by the awakening of your zeal.

The second section of our course, "Banks and Banking," is particularly adapted to best treatment by the young man who has traveled, and who has seen at first hand the currency systems of other countries. Here in Utah we are exceedingly fortunate in that regard; hardly any meeting can be held in Utah in which there are not one or more returned missionaries—young men who have spent two or more years in some foreign land, learned another language and, above all, accustomed themselves "to speaking out in meeting." In our treatment of this subject last winter when studying in our text books the banking systems of England, Germany and Canada, young men arose to address the class who had lived in each country. Those lessons were well worth while. Possibly you are fitted from observing while traveling in other lands to give the class the benefit of your experiences; and most certainly we, who travel only by proxy, will profit by your handling of this section of our study.

I see that our next section, "Bank Accounting," brings us to consideration of the "cub" who is now messenger, or to the lad who is now on the "grind" of the "Individuals." Both of them are looking to the future, and "Bank Accounting" is all absorbing. Whether the pathway is to the cage or leads to the general books, a term on the customers ledger is almost universally demanded. What bank man who has not so served? Wherever the promotion leads, the foundation is oftenest laid during the course, long or short, as it may be, of drill on the books, and the grounding in bank accounting is applicable to almost every department. Some there are who regard book-keeping much as expressed in the following doggerel:

"Workin' on th' ledgers, a dollar an' a 'af a day,
Workin' like a son of a gun, and gittin' little pay,
For it's drill yez slavies drill!
Along comes the cashier at 10 o'clock,
But drill yez slavies drill!
For ye've got to work all day widout sugar in yur tay,
For yur on th' drill, yur on th' drill."

The man who is naturally adapted to dealing with human nature, who mixes well and who wills to do things, should make his stay on the individuals as short as possible; in fact, if he doesn't he may do himself irreparable damage by non-use of more valued talents. Accounting is a subject larger than some would grant for it. Its whole field is not narrowed down to the mere drudgery of bookkeeping; not only does it include the general set, but builds to note teller, bond department head, credit man, and in some banks also to assistant cashier, or cashier of the out-of-town bank. This latter was the case with Kelly, who was general bookkeeper at the Utah State National Bank. Locally there are several other men who have been at some time on the books, whose names may not so much interest readers outside of Salt Lake City, but the reader's experience gives him other cases illustrating promotion from this avenue—names of examples rising in memory as this is read.

We come to the branch of our studies labelled

"Loans and Discounts." Tagging it as a close second in the tandem team comes "Stocks and Bonds." Banking is such a simple thing; merely get money and loan it out again. And the available assets come to us down the balance sheet in two groups—those we know are safe (with the legal reserve agents) and those we hope are safe. The latter are our "Loans and Discounts," with a sprinkling more or less of doubtful investments in "Stocks and Bonds." Nothing simpler than the procedure of banking: Hustle to get deposits; hustle to get someone to borrow them; and then hustle to get 'em back. And if our bank is strictly a commercial concern, needing quick assets, there will be a large proportion of Loans and Discounts to the amount invested in the lower income producers of "Stocks and Bonds." On the other hand, if the bank is a savings institution, its funds are almost entirely invested; hence Stock and Bonds and Real Estate Mortgages (if the local statute permits) predominate. So we will find on close scrutiny of these two subjects that much, very much, is embraced under those headings. A careful masterful handling of these branches of our studies will show us that here lies the kernel of banking—the investment of depositor's funds. Here in the West the banks are not large enough to have departments exclusively designated "Note Teller," "Loan Clerk," "Bond Department," but in the very large banks of the far East heads of these departments rank very highly, and with corresponding emoluments, to the attainment of which is sufficient success for many an ambition. Here in Salt Lake City the man in the city bank would see in this phase of the bank's divisions assistant cashier; in the country banks, the position of cashier. Now if the man we are addressing is possessed of the desire to be cashier-stockholder of a small bank, to this part of our studies will he be strongly attracted; it is the keystone of his duties, and as he performs his functions in compliance with the dictates of his Board of Directors, will he measure his success. The young man aspiring to this position weighs in equal scale his opportunities and his bank roll, and considers "with one auspicious and one drooping eye" the time when he shall be ready. Nor does he overlook studying the "Corporate Law of Utah," and "Utah Banking Law," a copy of each of which he may procure for the asking from the Secretary of State. Also under this heading is embraced the position of "Credit Man," a very important position, and one developing a man for the real work of banking more than any other I can now think of short of an official position. From this position are graduated the men whose daily training is of more use to them and others in actual banking than almost any other department of the bank. Think of having at your finger's ends the detailed information of the financial standing of practically every customer of the bank who makes use of the loan department! Know his assets and liabilities as well as he; keep tab on him like a shadow, and in close touch with the Board of Directors, in fact, their right hand. Is there any wonder such a man rises? The wonder would rather be that he didn't. Either city bank credit man or cashier of the country bank. What ambition could be more worthy? 'Tis surely ambition enough to content any but the most spirited, whose

aspirations mount to the executive chairs of the big banks. At this point of his study the young man begins seriously to think of the advisability of membership in the Commercial Club, turns his attention to thoughts of investments for profit, and to establish business connections for himself as side issues. Our young man has now come to himself, has found his possibilities, and becomes intent to accomplish them. Surely we have enjoyed following this young man in his growth; we have watched his enfoldment, and seen his development to his present position, which we know is but the stage to a better position which time will bring. Now mark you well! This young man right here in his growth is an active and ardent member of his local chapter; he is achieving in that all he can, and as yet has not been so promoted as to have outgrown his Institute, but stands on the threshold of the doorway between "one of the boys," which he now is, and "an officer," to which his next step forward brings him, and until that step is taken and that promotion given is actuated by the same motives, lives in the same plane as his fellow co-laborers; after that step? The chapter refers with pride to the name added to the roll of honor.

Individual bias always colors our opinions, hence, as you have noticed, in preference for personal tastes, the positions of tellers—exchange, receiving, paying—and collection clerk have been slighted in this review. Let us correct that fault at once and hasten to give them due prominence. Receiving and paying positions do and should content many a man for a long term of years. Reposing in those positions, the incumbent knows that he should be selected for an executive capacity, and is outwardly content to abide his time. Fulfillment comes. Meantime he makes the best use of social aids, extends business acquaintance and variously builds for the expanding future. In your acquaintance and mine, holding true not only of Salt Lake City, but elsewhere, and accepted as a foregone conclusion, tellers become officers. Ah! It appeals doesn't it? We draw inspiration from the promotions we can call to mind with this prompting don't we? 'Tis well your ambition runs that way. Give it full bent, and improve your every adjunct by chapter fervor. Look into our chapters and see the tellers there; visit a convention and see the tellers there; look into the revolving chairs of executive positions and see the ex-tellers there! And as to the roll of honor—it's almost solid tellers.

When the cashier says you are slated for manager of the clearing house for the coming year, will barely being able to "draw credits on debits" suffice? or would you be more and show capacity in that position? Know then there is a field and opportunity for you there. It is apparent and need not be amplified. And without study on this question what do we know about the system of conducting the clearing house in Salt Lake City as compared with other larger cities? Cash settlements? Government loans? Bureau for dissemination of information of flagrant violation of business integrity? Credit clearing house? What are these functions? What powers have clearing houses? What utility? What do we in the West know of special clearing house bank examiners? I surely envy those men in the East who belong to the big chapters, whose ratio for opportunity to learn is to ours about as ours is to the correspondence course.

The last section of our present course is on "Trust and Savings Institutions." So important has this become that Trust and Savings sections have been incorporated in the National Associations, and much of the financial power of the cities large and largest is found in Trust Companies; and the Savings Institutions round out the complete field. These two aggregations of capital take the business not suitable to the Commercial Bank and render to the community a service fully as important as their sister institutions. Consulting the "Banking Law of Utah," what is the legal difference in definition between a Commercial Bank and a Savings Bank? What difference in reserve? What statutory restrictions and limitations in making the loans of a Savings Bank? How must the capital of a Guarantee or Trust Association be invested? May Savings Banks, Loan and Guarantee Associations and Trust Companies loan on real estate? What constitutes a set of mortgage loan papers? Did you know the Investment Bankers (sometimes opprobriously referred to as "loan scalpers") were forming a section of the National Bankers' Association and seeking footing with the regular banks? And lastly, let the Utah men answer, with what favor do the large insurance companies look upon farm loans? And especially what is the attitude of the Union Central Life Insurance Company in this respect?

And so we've reviewed the groups of the first year's Course. Surely in these subjects your note has been sounded.

There yet remains the chapter as a class, and the benefits of class study. The stimulus of interchange of thought, friendly rivalry to excel and the opportunity to become known in what you are proficient in. This latter thought leads to two fields of ambition not as yet touched upon: Writing and speaking.

Have you a literary bent of mind? Possibly you would write. "Reading maketh a full man, conference a ready man, and writing an exact man." If this ambition appeals to you, then to you I say, and your local president and the national organization will reiterate my remarks: Prepare your subject; work up your theme; it will be proclaimed to your fullest desire. That is just what is encouraged, not only locally, but nationally. The corresponding secretary will assist you into print; glad to do so, and in fact himself coached to keep before the public eye fit Institute articles. We will welcome your ambition and foster your proclivities.

Closely connected with this field is that of public speaking. "A word fitly spoken, how good it is!" The opportunity is given the members to speak in public and to debate. Two things he must know, and know well, to have an easy mastery of himself when called upon to address an assembly. Our training is invaluable, and is a drawing inducement to the young man who has tastes in that direction. Locally we are proud of Mabey; nationally of Dreher, Cox, Moser. A very fitting tribute to a pleasing speaker ran:

"He ended; and in my ears
So pleasing left his voice that I
The while thought him still speaking,
Still stood fixed to hear."

Have you not noticed that those men who are fluent and easy in speaking, whose thoughts rise aptly and whose manner of address is winning and con-

vincing are the men in demand to represent larger interests and are entrusted with the execution of larger affairs? The moral is obvious—give full bent to your predilection in that line? It has made as many men in our walks as any other factor. Facing our audiences invites facing the Board of Directors. We need not say more.

Lastly, we would briefly refer to the second year's course. You would build for an executive position. Then things will be referred to you; can you decide and decide quickly? Are you ready with a grounding in the letters of law which will surely come before you? Why, we all want that second year in Commercial Law. Did I say year? It was inadvertent—years was meant, and years will be required. Your cashier, your president, are students of law as well as of human nature. Both volumes they constantly thumb. They don't needlessly pester counsel, nor will they needlessly let you pester them. You will find the local statute on every banker's desk, the National Bank Act near to the president's elbow, and his corporation lawyer well dined and wined, three ways the "old man" has of keeping abreast of the subject. Law important? Why bless my soul, it's the whole thing to banking! The country bank cashier steers himself, his bank, and his Board of Directors, by the compass of the law over the financial high seas, and cherishes the clean bill of health the bank examiner gives him. The Journal-Bulletin devotes pages to law points in every issue. Neglect! Liability incurred! The bank's interests jeopardized! Why the subject coaxes for better mastery. The law course touches you doesn't it? Appeals, too.

The foregoing briefly reviews the salient features of our chapter. The aim is educational. That educational aim is best arrived at by a social organization whereby the student is stimulated by rivalry to excel, benefited by association, and inspired by interchange of thought.

As to whether it's worth while, "Ask the man who sits in a revolving chair."

As to results: F. A. Crandall, proud to acknowledge the part due to the chapter; men of other cities; men of our own city; look again at the roll of honor and see the men who felt the stimulus and saw the chapter as we see it; men who rose, not in spite of the chapter, but because of it. That's the way to see it; that's the way they saw it, and that's the way we'll all see it in further promotions.

So let us bridge the gap from apathy to zeal. Surely our main springs of action have been touched in this offering of the chapter; our tastes are kindred. It appeals, and when you think it over, assimilate it, and move into action with a determination to make the 1912-13 meetings beneficial to yourself.

May the example of Kelly's promotion kindle a wide spread emulation.

Did you ever listen to the exhortation of the Chapter?

"Look to this day!
For in its brief course
Lie all the verities and
Realities of your existence:
The attainment of growth,
The choice of action,
The pursuit of ambition.

For yesterday is only a dream
And tomorrow is only a vision;
But today well lived makes
Every yesterday a dream of happiness
And every tomorrow a vision of hope.
Therefore look to this day!"

A closing summary of all that the Institute has to offer would be an epitome of all the various ambitions of varied men who enter the banking field.

"Now I am persuaded of the truth of these things," but to you "this may appear as an old wife's tale which you condemn; and there is reason in condemning such tales if by searching we could find a better or truer. But in all that has been said, there alone remains unshaken the saying, That reality, and not appearance, is to be followed in all things, both in private and in public life; that a man should not use flattery, either to himself or to others, to the few or to the many; and that rhetoric and all other arts should be used by him (and all his actions should be based) ever with a view toward"—THE INSTITUTE.

SAN FRANCISCO.

By Wm. A. Marcus.

SAN FRANCISCO CHAPTER entertained many of its members and friends at its annual ball on December 5 at the Fairmont Hotel. Under the management of Chairman M. R. Clark, Floor Manager J. S. Curran and their able assistants the affair was a most brilliant success.

Two papers of unusual interest were read on the evening of December 11. The topics were "The Bond Dealer and His Relation to the Banker," by G. K. Weeks, of N. W. Halsey & Co., and "Efficiency and the Trust Company," by D. L. Clarke, assistant secretary of the Savings Union Bank and Trust Company.

In his distinction between the bond dealer and the broker Mr. Weeks said: "The bond dealer is primarily a merchant, purchasing bonds for his own account after the careful investigations which a prudent business man would necessarily require in the case of any commodity in which he invests his own money, taking it into stock and holding it until resold to his clients. The broker, on the other hand, buys and sells on commissions, ordinarily without assuming any greater responsibility than to see that the commissions of his clients are filled in the market at the best prices possible. The handling of stocks and other speculative securities is done almost entirely through brokers, the members of some recognized exchange, but some conservative brokers making a specialty of strict investment business also handle a very considerable amount of business in bonds. The argument most used in favor of investors making their purchases of bonds through brokers is that the broker, presumably not being personally interested through having his own money invested in certain specific securities which he desires to resell, is in a better position to give disinterested advice as to the comparative merits of different bonds. As the bonds ultimately come from a dealer anyway, the more general custom on the part of investors, and particularly on the part of banks, is to buy direct from the dealer, who is primarily responsible for the investigation and

recommendation of any particular bond, and through whose efforts the market for that bond will presumably be made and maintained."

Mr. Clarke mentioned some of his experiences in Trust Company work, concluding his remarks by saying: "The fundamental cause of superiority in Trust Company administration of estates, whether in probate, in trust or guardianships, is the removal of the danger of human mortality. Mortality is what makes an executor or trustee necessary in the first place; so what assurance has any man that his administrative labors will not be cut short by the same grim event? In several thousand years of organized community life, the stock corporation and the Trust Company are the only business agencies that I know of which have risen superior to mortality. The trust company reduces friction and blundering experiments. It is a machine that performs well what the hand craftsman used to turn out in haphazard fashion, and it is the public at large that eventually profits from any increased efficiency. And after all that is the goal of every progressive community."

SYRACUSE.

By William Ashdown.

"N O doubt ye are the people and wisdom dieth with you; but I know a thing or two as well as you; and know ye that the things ye say are not so."—Job xii, 2, 3, revised and amended.

Thus in scriptural language did the leader of the negative "hand one" to the affirmative in the great debate of Syracuse Chapter on the subject, "Resolved, That the acceptance of all checks at par would be beneficial to the banks and business interests of the country."

Evidently the judges and the members present agreed with the leader of the negative, for the almost unanimous decision was that the affirmative had failed to prove its case. It was a good debate, very good; remarkable in the fact that it demonstrated once again that there is good talent in Syracuse Chapter simply awaiting the chance to show itself.

The affirmative, under the leadership of M. L. Bashore, assisted by J. J. Hughes, M. R. Ames and D. A. Prevost, contended:

1. That a check is a form of currency and the abolishment of exchange charges will cause it to circulate more freely and widely and thus fulfill the purposes of an elastic currency.

2. That the abolishment of exchange charges would expedite their payment by collecting by the shortest route.

3. That the wrong party pays the charges.

4. That it would benefit the business men who now obtain New York drafts for paying out of town bills by reason of the fact that their accounts would not be charged with the items until returned for payment, thus adding to the interest earned.

5. That it would prevent money from leaving town in favor of par points, and

6. That the enhanced business would more than offset the loss of the exchange profits to the banks, and the free circulation of checks at par greatly help business in general.

The negative, under the leadership of W. A.

Boyd, assisted by A. L. Wise, E. A. VanDeventer and W. E. Gramer, contended:

1. That the bank is entitled to reasonable pay for its services.

2. That many accounts would be unprofitable if exchange were not charged on the out-of-town items.

3. That the minimum charge should be the actual cost to the bank for collecting the item, and

4. That both in theory and practice a fair rate of exchange is not detrimental to the interests of either the banks or business men.

New York has no monopoly of brains, for the kind Providence that scatters gray matter more or less promiscuously over the face of the earth, dropped a few specimens in Syracuse. The remarkable thing about Syracuse Chapter's first half year has been the excellence of the work of the men in the ranks, which has been of exceptionally high order, well conceived and well executed, and had the chapter done nothing else than bring out a few such men, it would have been worth while.

The average attendance has been sixty-six, and under the tutoring of Prof. Tucky, of Syracuse University, the ground work has been well laid for future activities in the brain field.

WASHINGTON.

By F. V. Grayson.

A TTENDANCE at the lectures seems to be increasing with each meeting and all attending are enthused with the course and are working with a vim that is characteristic of members of this chapter. They seem to be following the old adage "What is worth doing at all is worth doing right." We are sincerely glad to see this good work and we feel sure that we will see the good fruits of this earnest endeavor when examination day rolls around.

We have had several very fine lectures since the last issue of the Journal-Bulletin. The one on "Clearing Houses" by H. H. McKee, cashier of the National Capital Bank, being especially appropriate at this time as the Congressional investigation of the "Money Trust" and clearing houses in general was in its glory, and this seemed to stimulate the interest in Mr. McKee's lecture. Alexander Wolf, counsel for the Bank of Commerce & Savings, lectured on "Savings Banks" and although this is Mr. Wolf's first appearance as a lecturer before the chapter we feel sure all who heard him are thoroughly satisfied with the way in which he handled his subject.

It is certainly gratifying to see two more of our hard working chapter members added to the Honor Roll in Ernest T. Love who has been made assistant cashier of the American National Bank and Francis G. Addison, Jr., who has been made assistant treasurer of the Home Savings Bank. Both of these gentlemen are certificate holders and have always taken a deep interest in the welfare of the chapter.

Now that so many of our members have become junior officers of financial institutions of this city it should not be very much trouble for them to get together and bring before the senior officers the results that have been attained by the chapter and institute some sorely needed reforms.

